Q. '41. A. Yes.

Q. Do you think it is possible you might have seen that letter? A. Well, it is some time ago. I might have.

Q. Well, maybe I can get it. It was identified yesterday. Where do the recently marked exhibits go?

The Clerk: They are all back on the table.

Mr. Marcus: Your Honor, I might say this is one of the reasons I wanted to have that document, I wanted to make an offer on it, wanted it read into the transcript.

Mr. Jaureguy: If there would be no objection I could show the witness the original instead of the photostatic copy.

Mr. Marcus: No objection.

Mr. Jaureguy: Rather, show him a carbon copy of the original.

A. Let's see, this is from the Society?

Mr. Jaureguy:

Q. Yes, Jackson County Medical Society to what I understand was your principal account in that part of the state. A. No, I don't recall the letter, I never did
383 see it.

Q. About that time do you recall any conversations with the officials of the California-Oregon Power Company about whether all the doctors in Jackson County should be put on the list to service that account? A. No.

Q. Well, do you know whether the latter part of 1941 all the doctors in Jackson County were put on the list to service that account? A. Frankly, I don't, no, no, I don't recall it.

Q. Now, as I understand it—well, now, down in Coos County that Dr. Dix, that conversation you had with him in the fall of 1940, I think you said— A. Sometime in there.

Q. Well, don't you know that at that time those doctors did form their little hospital association where they were selling their own services? A. I do, yes. They formed their own association at that time.

Q. And that was why, that is the reason he gave you for wanting you to lay off? A. I would say that is what he had in his mind, but he didn't expressly say that.

Q. Not in quite so many words? A. No.

Q. Did any doctor ever tell you that the doctors
384 in the community preferred to sell their own services, rather than to have you brokering them for them? A. No.

Q. Now, I think you indicated you have attended union meetings where they discussed contracts and you went and presented your contract to them, or something of that kind. A. Yes.

Q. And at some of those meetings some objections were made by some of the union men that some of the doctors, or all of them, or something of that kind, would not take the tickets? A. That is right.

Q. And have you heard at any of those meetings any of those union men say that their objection to OPS was that some of the doctors were not cooperating with OPS? A. No.

Q. Did they ever discuss the OPS contract in your presence? A. Yes.

Q. Now, you have told us of some of the accounts that you have lost. Could you tell us of some of the accounts that Industrial Hospital Association managed to get away from OPS?

Mr. Marcus: Objection, your Honor, on the ground of irrelevancy.

The Court: Overruled.

A. Well, it is hard offhand to mention them, but—oh, there may be a few, but there are not very many.

385 Q. Not very many. OPS, too, sometimes has lost contracts? A. Yes.

Q. And do you know one of the reasons why they have lost contracts is because some doctors won't cooperate with OPS? A. I haven't heard that much.

Q. And do you know whether your company has ever lost any contracts that were obtained by the National Hospital Association? A. How is that again, now?

Q. Whether your company has lost any accounts that were obtained thereafter by the National Hospital Association? A. We have lost a few.

Q. And you have gotten accounts away from the National, too, by competition? A. That is right.

Q. Were you here when Dr. Moore was testifying? A. No, I wasn't.

Q. I want to call your attention to one matter that came up there, and that is a matter of abuses. He was speaking of 1936, which is about the time you started with them, I understand. That is right.

Q. And about solicitors promising things, personal rewards, to employers for entering into these contracts. Have

you ever promised any employer anything extra for himself if he enters into a contract? Absolutely not.

386 Q. Or free service to the employer? A. No, sir.

Q. You haven't done that? A. Never.

Q. I don't suppose you know which, if any, of the solicitors for Industrial did that? A. Well, I would say to my knowledge, why, I don't know of any.

Q. Don't know of any? A. Any that have.

Q. Were employers generally included as one of the members under these contracts? A. Yes.

Mr. Jaureguy: That will be all, thank you.

Redirect Examination

By Mr. Galassi:

Q. Mr. Walsh, you testified you started with industrial about 1936 or '37. Did you receive any complaints at all about this doctors' attitude prior to 1940?

Mr. Jaureguy: He has already covered that twice.

A. Now, how is that again? Please repeat it for me.

Mr. Jaureguy: I will object on that ground, if

387 your Honor please.

The Court: He may answer.

Mr. Galassi:

Q. Did you receive any complaints or hear of any difficulties as a result of the doctors' attitude prior to 1940, did any of this come to your attention prior to 1940? A. Oh, yes, I would say that it wasn't as severe until later on.

Q. Did you ever get back any of the contracts which you stated on direct testimony you had lost or the Industrial had lost? A. Well, I would say No, with the exception of Pope & Talbot Lumber Company in St. Helens.

Q. In a number of instances where you made these special trips, after this situation of refusing tickets arose, to pick up these itemized bills of doctors to the employees who were treated by them, and which employees were covered by your company, wasn't it true that a number of these bills had been paid by the employees?

Mr. Jaureguy: I object to that, first, on the ground it is a leading question, and on the second ground that it is not proper redirect.

The Court: He may answer.

A. I would say some of them had been paid by the
388 employees.

Mr. Galassi:

Q. Isn't it true that in a number of instances when the Industrial Hospital Association received itemized statements that this manner of being billed did not function?

Mr. Jaureguy: Object to that as a leading question.
The Court: Answer the question.

A. You will have to repeat it, if you can.

Mr. Galassi:

Q. When an employee covered under your contract went to a doctor who refused to take the ticket but did give him an itemized statement, and the itemized statement was then sent in to the Industrial Hospital Association and reimbursement was made, in some of those instances is it not true that that system did not function and you lost the account?

Mr. Jaureguy: Object to that on the ground of hearsay.

A. I would say yes.

Mr. Jaureguy: And as a leading question and asking for a conclusion of the witness.
The Court: The objection is overruled.

A. That is right.

Mr. Jaureguy: I did not get the answer. I am sorry.

A. Yes.

Mr. Galassi: That is all.
Mr. Jaureguy: That is all.

(Witness excused.)

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389 Ralph Furrer was thereupon produced as a witness on behalf of the Plaintiff and was examined and testified as follows:

The Clerk: State your name, please.

A. Ralph Furrer.

(The witness was thereupon duly sworn.)

By Mr. Weinstein:

Q. Mr. Furrer, are you here pursuant to a subpoena served upon you?

Mr. Jaureguy: Pardon. Will you give me that name again?

Mr. Weinstein: Furrer, F-u-r-r-e-r.

A. Yes, sir.

Q. Were you ever connected with the National Hospital Association? A. Yes, I was; I was an employee of theirs from 1936 until 1945.

Q. Will you talk up so we can hear you? A. Yes.

Q. What was your connection with them? A. I was originally employed as an ambulance attendant at Bonneville Dam and subsequently, in a short time, I became assistant to the Manager and, within two or three months, became the Manager of the operations there and stayed there until completion of the dam work, and then was transferred to the Portland office where I worked in the field, locally, here, and in December, 1938, was sent to Medford, Oregon, where I worked as District Man-
390 ager there until in the summer of 1945 or the fall of 1945.

Q. When did you first begin working with the National? A. In 1936.

Q. When did you leave the National finally? A. In the fall of 1945.

Q. I don't know if I got this straight. You worked at Bonneville Dam? A. Yes.

Q. After that you worked in Portland? A. That is right.

Q. Were you sent to Medford, Oregon? A. Yes, sir.

Q. When were you sent to Medford? A. In December, 1938.

Q. What was the occasion for your going to Medford? A. There was a considerable amount of turmoil and difficulty which the membership was having in obtaining medical service and we were losing contracts in that area, and had received letters from our friends in that area that the service was so difficult to obtain that we were in danger of losing additional contracts, and I was sent down there to work out some kind of a plan or program whereby we could protect the contracts that we still had, and relieve the pressure that was being put on our members down there by the medical profession.

Q. In Medford; was that the only territory? Was
391 it just Medford? A. Well, that was the chief one that we had concern about. However, subsequently I did extend my work into Grants Pass and Roseburg and Klamath Falls and those areas in that district.

Q. What were your duties in Medford at that time? A. Well, my duties in Medford were rather vague at first because it was a matter of trying to find out really what was happening down there. In other words, I talked to all of our employers down there and friends that we had, and, of course, it was a new territory to me, because it had already been serviced out of the Portland zone, out of the Portland office, and by salesmen who could handle it without having to stay there all the time. In other words, the servicing of the accounts was quite simple up until it just became impossible to service the accounts from a distance, so it was a matter of getting acquainted with the doctors and the hospitals and the employers and some of the employees and finding out what the problems were.

Q. In Medford were you in charge of the National Hospital Association office in Southern Oregon? A. When I moved to Medford, originally it was the intention I would work from my home, that there would not be any requirement for an office, and my wife, being a competent secretary before, would handle what little correspondence we thought we were going to have out of the home; but one of the things which I suggested and undertook was the establishment of an office where we had a central place
392 where we could get in contact with our members, because they were being harassed and shoved around down there, so that they would just go back and talk to the rest of the employees and say, "Let's get rid of this thing. Let's get something else if we cannot get service," so we set up an office. Naturally, that entailed the employment of a full-time secretary, because my wife was not in a position to do it. That decreased or aided some in solving some of the problems.

However, as time went along, even the mere taking of statements and bills and so forth and sending them to Portland was not sufficient to relieve the conditions, so we established an account and had some checks printed so we could issue refunds right from that office; in other words, the idea being to make it as easy and as smooth as possible for the members so they would continue their membership. That was partly due to the fact that the medical men were discriminating against the employees by insisting on cash,

refusing them credit, when of course I knew that that was not the case with the ordinary non-member.

Q. Actually, then, how many employees did you have working for you down there? A. The situation got so that we even had to go to the extent of having a welfare nurse there.

Mr. Jaureguy: I want to object. I think the witness should be asked to answer Counsel's question.

393 Mr. Weinstein: The witness is answering the question.

Mr. Jaureguy: You asked him how many employees and he said the situation got so bad.

A. I will have to explain why we got another one.

Mr. Jaureguy: I beg your pardon?

A. I am going to explain why we had another employee added to the staff.

Mr. Jaureguy: I am sorry. I misunderstood the question.

A. In other words, these employees were not only harassed after that in the doctors' offices when they went for medical care, but even when they became hospital patients, why, I imagine they felt bad enough being in the hospital without being bothered there, so we sent a welfare nurse around to call on each member while they were in the hospital and reassure them that we would take care of our obligation to protect them against their bills and so forth.

Mr. Weinstein:

Q. Did you have a welfare nurse in addition to your office staff? A. That is right. She was an additional secretary and she was a Registered Nurse.

Q. Did you, when you first went to Medford, have your office in your home? A. That is right.

Q. And you say you made a change and set up a regular office in a building. A. Yes, sir.

394 Q. Did that increase the overhead expense of the Medford office? A. Well, we certainly had myself and two additional employees there that were being paid, in addition to the rent and insurance and so forth that was required, and additional stationery and correspondence, and undoubtedly I know that from the number of letters I wrote there must be somebody up on the other end in Portland reading them.

Q. During your stay in Medford did subscribers of the National complain to you about doctors refusing to take NHA tickets?

Mr. Jaureguy: Object to that as a leading question and calling for hearsay.

The Court: Answer.

A. Yes. It was quite an important thing because over a period of years that was a kind of a catch phrase, "taking tickets," and it was an issue that was coming up all the time. We attempted, of course, in the maintenance of our membership, to say that, after all, that was identification and it facilitated the doctor in obtaining payment for his services, if he wished to bill us direct, and it made it easier for us to provide smooth operation of the service, but it certainly was an issue that was troubling.

Q. To your knowledge did this refusal by the doctors to take National tickets affect National's business while you were there? A. Yes, it affected it prior to the time that I went there, and while I was there, and during the entire time.

395

Q. What effect did it have? A. Of course, you see it is not just merely the matter of refusing to take tickets that affected our business. It was some of the statements that were made to the members, and the fact that some of the doctors did not take tickets but, by subterfuge, still obtained payment form the Association, so I mean that doctor, as far as I was concerned, was cooperating with us, so when I say "not taking tickets"—however, the thing of refusing to give treatment before being paid—

Mr. Jaureguy: I think that ought to be stricken. That is clearly hearsay.

The Court: Denied.

A. Well, I will give you an example that is not hearsay.

Mr. Weinstein: Go ahead.

A. Do you want me to give you an example?

Q. Yes. A. Well, we had a situation where, in one of the large operations down in Medford, the Medford Corporation, we had a medical aid agreement, which was an additional agreement with the employer, to provide protection and in the payment of medical fees during an injury. That was a subcontract with the Service Engineering Company, at the request of the employer. It was an accommodation and a convenience to him for us to do that.

Here you have a situation that an employee has a
396 piece of steel imbedded in his eye and he is taken to the doctor's office by his foreman, and immediately the doctor—

Mr. Jaureguy: Object to that as hearsay. He has not said he was there.

A. Just a minute.

The Court: Where did you get your information?

A. I am going to come to that.

The Court: Tell me now.

A. From the General Manager of the Medford Corporation.

The Court: Objection sustained. Ask another question.

Mr. Weinstein: Your Honor, I would like to have the witness state whether or not he was told about this incident. I do not want it in there simply to prove the truth of the matter that he is asserting. I simply want it to show that the statement was made, apart from whether it is true, apart from whether the statement itself is true.

The Court: Why do you want that done?

Mr. Weinstein: Because that is, I think, an example of the type of problem that came to his office and which he was sent down to Medford to correct, by the company.

The Court: What does it prove?

Mr. Weinstein: It will show and prove the type of difficulty that he was having down in Medford in servicing these contracts.

The Court: What does that prove, that the man had steel in his eye and went to an office, and wasn't treated?

397 Mr. Weinstein: I assume that is what the man testified to.

The Court: That is what we are talking about. Keep your seats. One at a time. I can't be a Medina.

Mr. Weinstein: It proves that this man, not the patient, but that Mr. Furrer, as representative of the NHA in Medford, was in extra difficulty time and time again, of which this is one example, in servicing these contracts and in handling the business. It also shows if the doctor did refuse to treat this man while the man was suffering, it certainly would have an adverse effect on the reputation of NHA.

The Court: That is what I wanted you to get to. Didn't you study Evidence under Morgan?

Mr. Weinstein: I am still a student, your Honor.

The Court: Didn't you study it under Morgan?

Mr. Weinstein: Under Morgan, yes.

The Court: You know very well that you can't prove that a man came to a doctor's office in Medford and had a piece of steel in his eye and the doctor would not treat it, you can't prove that by a man who says another man told him that happened. You have to bring the man here who saw it and knew that it happened.

Mr. Weinstein: Yes, your Honor, if I was trying to prove the truth of that matter.

The Court: Objection sustained. Mr. Jaureguy, you studied under Morgan, too?

398 Mr. Jaureguy: No, your Honor.

The Court: You just escaped it?

Mr. Jaureguy: Just by a few years.

Mr. Weinstein:

Q. When you tried to sell new accounts, did the issue of doctors taking tickets generally arise between you and the prospective buyer? A. Yes, it did.

Q. It did? A. Yes.

Q. Who generally raised the issue about the tickets? A. Usually the employee.

Q. The employee? A. Yes.

Q. After 1941 did you notice any change in the doctors' willingness to take NHA tickets or to cooperate with National? A. Well, I thought they refused to take tickets or cooperate pretty consistently all during that entire period. I didn't see that there was very much change. It fluctuated now and then, but I would say, if anything, it became worse.

Q. When the Southern Oregon Medical Service Bureau stopped doing business under that name and operated as the Oregon Physicians' Service, did you notice any change in the doctors' willingness to take NHA tickets or to cooperate with National?

Mr. Jaureguy: Object to that as a leading question.

The Court: Answer the question.

399 A. Yes. The difficulties became increased and in other areas. In other words, up to that time we had considerable cooperation from the doctors in Grants Pass and Roseburg and Ashland, and then the antagonism—and primarily that was being promoted all the time—and the confusion which was being produced in the members' minds

was increasing, and we had just that much more additional accounts and territories to take care of.

Q. Is the Timber Products Company of Medford one of the larger accounts in Medford? A. Yes, it is.

Q. Sometime in about 1942 did you attend a meeting held at night of the employees of the Timber Products Company of Medford where the employees voted on which prepaid medical care plan they wanted? A. Yes, sir.

Q. Which prepaid medical plan did they choose? A. They took National Hospital.

Q. After that vote was taken and they chose the National did you notice any change in the doctors' willingness to take Association tickets or to cooperate with the National Hospital Association? A. Well, immediately following that a considerable increase of itemized statements and statements and bills were brought into my office by members from other firms who carried our coverage from doctors who, up until the following morning, had been billing the Association direct and cooperating with us in supplying information. As a matter of fact, after that date even some of the doctors would refuse to itemize statements. It was impossible to get them.

The Court: Gentlemen, we will adjourn.

(Thereupon an adjournment was taken until Friday, October 21, 1949, at 10:00 o'clock A. M.)

Court reconvened at 10:00 o'clock, A. M., on Friday, October 21, 1949.

The Court: Proceed.

Ralph Furrer, resumed the stand as a witness in behalf of Plaintiff, and, having been previously duly sworn, was examined further and testified as follows:

Direct Examination (Continued)

By Mr. Weinstein:

Q. Mr. Furrer, yesterday, you testified that you received complaints that doctors refused tickets, that they had refused to give itemized bills and that they had made disparaging remarks about the NHA while you were in

Medford. Did you receive any other complaints? A. Well, we received complaints on numerous occasions from employers and employees both that the doctors refused to extend credit to the patients and refused to treat them until they had received money.

Q. Was your attention ever called—

Mr. Jaureguy: I move that be stricken. That is just getting around the Court's ruling.

The Court: No, it isn't. He can testify he received complaints, but he can't testify what they were in effect.

Mr. Weinstein:

Q. Was your attention ever called to an incident
402 where the NHA was asked to refund to subscribers an amount in excess of regular private patient fees?

Mr. Jaureguy: Object to that as a leading question.
The Court: Overruled.

A. Yes.

Mr. Weinstein:

Q. Can you describe such an incident?

Mr. Jaureguy: Object to that as hearsay.
The Court: What is he going to tell about now, Mr. Weinstein, what kind of an incident?
Mr. Weinstein: An incident—
The Court: Something he knows about?
Mr. Weinstein: I think he does, your Honor.
The Court: Well, start in.

A. You see, it was part of my duties—

The Court: What is it you are going to tell? I don't care about your duties.

A. About issuing a check in payment of medical service received by a member.

The Court: Go ahead, tell whatever you did and know.

A. A member submitted a statement to me from a doctor for treatment just received, which was not itemized. I asked the member to obtain an itemized statement for me of the condition treated, and in about ten minutes the member was back with the bill raised over and above the amount
which it was first submitted to me ten or fifteen
403 minutes previously.

Mr. Weinstein:

Q. While you were in Medford did the National Hospital Association lose much membership or subscribers because of the doctors' refusal to take the National tickets or cooperate with National?

Mr. Jaureguy: Object to that as a conclusion of the witness.

The Court: Answer.

A. Yes, we did lose membership.

Mr. Weinstein: Your Honor, I would like to call particularly to your attention a paragraph from Exhibit Pre-Trial No. 1789. This is a letter to the National Hospital Association from the President of the International Woodworkers of America, Local 6-293, at Yamsay, Oregon, and the first paragraph says, "In our request that you terminate your contract with the Lamm Lumber Company there was no violation cited to you because this request was based upon our inability to obtain service from local physicians without payment in cash. After consideration of your Associations willingness to reimburse our members who presented claims for such payment, and in view of the fact that your representative Mr. Ralph Furrer has appeared before our organization many times in an effort to iron out difficulties arising from this refusal of service, the arrangement as a whole has proven very unsatisfactory."

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404 (Exhibit No. 1789 is as follows:)

"International Woodworkers of America
Local No. 6-293
Yamsay, Oregon

August 6, 1942

"National Hospital Association
Mohawk Building
716—S. W. Third
Portland, Oregon.

Re: Termination of Contract

Gentlemen:

"In our request that you terminate your contract with the Lamm Lumber Company there was no violation cited

to you because this request was based upon our inability to obtain service from local physicians without payment in cash. After consideration of your Associations willingness to reimburse our members who presented claims for such payments, and in view of the fact that your representative Mr. Ralph Furrer has appeared before our organization many times in an effort to iron out difficulties arising from this refusal of service, the arrangement as a whole has proven very unsatisfactory.

"The Lamm Lumber Company was notified of our desire to terminate your contract in ample time to have accomplished it before the termination date of June. 1st.
405 However, we have been informed that due to other pressing and important business and due to the Company's impression that the contract be terminated at the first of any month after thirty days notice, the matter was neglected.

"We feel that it would be very unfair to us if you refuse our request after considering the efforts we have put forth in trying to gain recognition for your Association in this locality, and that we should not be penalized by being forced to exercise our legal rights individually for our failure to induce local physicians to accept tickets as provided by your Association. However, should you persist in your refusal to terminate this contract we can and will exercise these legal rights individually.

"Once again we request that you terminate said contract or send us 250 individual release blanks at once.

"Yours very truly,

CURTICE DANIELS.
Curtice Daniels
President

Mr. Weinstein: The date of that letter, your Honor, is August 6, 1942.

The Court: I know, I read it.

406 Mr. Weinstein:

Q. Mr. Furrer, was your attention ever called to misleading propaganda about NHA made by the doctors of OPS? A. Yes.

Mr. Weinstein: Your witness, Mr. Jaureguy.

Cross-Examination

By Mr. Jaureguy:

Q. And by whom was that attention called to you? A. Beg pardon?

Q. Who called that misleading propaganda to your attention? A. Our members.

Q. Can you give me the name of one of them? A. The name of one of the members?

Q. Who called your attention to the misleading propaganda. A. Well, after all, I haven't been an employee of the Association for some four years, but I could obtain the name, but it would be difficult to.

Q. When did any of your members call your attention to the misleading propaganda? A. Well, consistently over the period of the seven or eight years that I was a representative of the Association, and subsequently my own employes have given me the same type of information.

Q. What is your business now? A. I am a Lin-
407 coln-Mercury dealer in Medford, and I have also a contract covering my employees, so I can speak from the experience of my own employees I have had since 1945 in having difficulty in obtaining medical services in Medford.

Q. You have been a dealer there since 1945? A. Yes, sir.

Q. There was unfavorable talk about the National, is that what it is? A. Yes, sir.

Q. Your own employees? A. Naturally, after all, I was down there for quite a spell of time in the interests of the National Hospital Association, and it became quite a challenge. You can't work under the handicaps that were presented to me for nine years and not become privately interested in the feud that was going on, and naturally I maintained my interest to a certain extent as a by-stander, and I questioned my employees when they would come back and state that, "Why are we under this? This doctor said so and so, said you fellows don't pay your bills." Now, I don't—

Q. National don't pay their bills you mean? A. Yes, sir, that is what the doctors tell them. After all, I had information contrary to that fact over my years of experience with them.

Q. In other words, you felt that that was not the
408 truth when the doctor said that the National didn't pay their bills? A. Certainly.

Q. Did you ever hear any unfavorable propaganda against OPS? A. Yes, I think so. Most of it came from the doctors, however.

Q. So that the doctors who said unfavorable and unkind things about the National Hospital Association also said unfavorable and unkind things about the OPS? A. There was a certain amount of competition involved, but they happened to be facts.

Q. Oh, so the difference between the unkind remarks about the National and the unkind remarks about the— A. I wonldn't say they were unkind remarks.

Q. Oh—unfavorable remarks—the difference between the unfavorable remarks about the National and the unfavorable remarks about the OPS was that you thought those about the National were false and those about the OPS were true? A. I didn't say that I thought they were true.

Q. Well, I thought you told me the statements they made about OPS were true. Q. Well, I am assuming—

Mr. Weinstein: I object to that because it calls for a conclusion of the witness.

The Court: Overruled.

Mr. Jaureguy:

409 Q. What about the statements, the propaganda, the unfavorable remarks about OPS that have come to your attention? Didn't you just say a few moments ago that those were true? A. Well, probably some of them were, and maybe they weren't.

Q. And they were made by doctors too you say, mostly? A. Mostly.

Q. Mostly. And what did the doctors say about OPS? A. Well, in my time in Medford I naturally made many visits, had numerous conversations with practically each and every doctor in the community.

Q. Each and every doctor. So, this came right from the horses' mouths, this talk about OPS? A. Some of it regarding National and some regarding OPS, both.

Q. Well, what did they say about OPS?

Mr. Weinstein: Well, your Honor, I object. That is hearsay.

The Court: Now, Mr. Weinstein, I am going to tell you something just as an older lawyer to a younger lawyer. You have had a bad example set for you by older lawyers here all week making a lot of objections. Now, you will find in a non-jury case that under modern conditions and modern practice it isn't much use to be making a lot of tactical

objections. In the long run the thing comes out
410 better and the time is shortened if each side is able to put it in. It is a good deal different than it was when I began to practice. Then you were supposed to keep the courtroom in an uproar all the time with objections and confuse the jury and so on. Now, you just kind of take that as a broad hint, and you will find it will work out. Witnesses are brighter than they used to be, and they have all been coached before they come here. And the jury is brighter, incidentally, nearly all college graduates, or have children in college.

Mr. Jaureguy:

Q. What were some of the things that the doctor told you about OPS? A. Well, naturally it was my desire to discuss the pros and cons of the company which I represented in a friendly discussion, tried to arrange amicable terms upon which we could compete in the community together as business organizations which they represented as being stockholders, but in a lot of conversations that took place—and most of them were very friendly—I mean many of the doctors in Medford are my personal friends and—

Q. Well, the question is, what did they say about OPS. A. Well, they said that they were having difficulty obtaining payment of their bills, that they weren't—

Q. That is the same thing they said about National, too, isn't it? A. They said they were just getting a per-
411 centage of their bills.

Q. What else did they say about OPS? A. Well, I think that is the pertinent thing that was said, that is about all.

Q. What else did they say about National? A. Well, they stated that they couldn't receive payment of their bills. And I says, well—my answer to that was that my experience was that the bills that they complained to me about was that it was impossible for us to pay the bills when they went out of their way to make it impossible to pay the claims; in other words, "How can we pay the bill to you if you avoid to cooperate and give us the information for what you treat the patient for?".

Q. What did the doctors say to that? A. Well, sometimes he accused his office girl of that, and other times he would just say, "I just can't do that thing."

Q. Did any of them get out their files and show you

instances where their bills had been cut down or where they didn't get paid at all, or anything of that kind? A. No, sir.

Q. Didn't do that? A. I had several discussions in which doctors wanted to discuss fees. As a matter of fact, the matter of fees was discussed on several occasions.

Q. With the doctors in Medford? A. Yes.

412 Q. And that was between 1939 and—Let's see, when did you go down there, '38? A. 1938.

Q. You went down in December 1938, didn't you? A. Yes.

Q. Between December 1938 and 1945? A. Yes. As a matter of fact, on one occasion, to show you that we did have some friendly relations with the doctors there relative to the matter of fees, I believe that just prior to the time that the Oregon Physicians' Service took over the Southern Medical Bureau operations, that I conducted a meeting in the Jackson Hotel one evening at which all the doctors of the Medical Society in Medford came to a dinner.

Q. That was in the fall of '41? A. At my request—not in '41. I think it was in the spring of '42 or fall of '41. It was right in that period of time there. At which time I wanted to try and again iron out the problems and the things that the doctors objected to or had told me that they didn't feel were right, and at which time I suggested that if there was any fee schedule that they wished to propose to the Association that we would be glad to arbitrate the schedule with them and discuss one. But that was the end of that, we never heard another thing after that.

413 Q. Was that a pleasant meeting or was there some ill-feeling? A. A very pleasant meeting.

Q. Very pleasant; and you said all the doctors attended? A. I think there was one doctor not there.

Q. Who was that, do you recall? A. Dr. Inskeep.

Q. Dr. Inskeep. A. We called him up, and he had a headache.

Q. Well, at that time were you having trouble with doctors not taking tickets and not giving itemized statements at that time? A. Yes, sir.

Q. Would all the doctors? A. Not all of them.

Q. As a matter of fact, over half of them were cooperating very well, weren't they? A. Yes, but there was this clique down there that more or less was continually putting the pressure on the ones that did take it, and also embarrassing our members.

Q. I am not sure that I got your answer, whether you said "yes, but" or just said—I didn't get your answer to my question as to whether or not most of the doctors were cooperating very well by the spring of '42. A. They were up until the time that they lost the Timber Products
414 contract.

Q. And that was when, do you know? A. That was February 1st, 1942.

Q. Was that before or after this meeting you had? A. That was subsequently. I think the meeting was subsequent to it.

Q. After that time the majority of the doctors were cooperating very well, then? A. You see, you—this I want you to understand,—

Q. But I want to get the answer to my question first. And then I want to understand. A. We had some doctors cooperating with us.

Q. As a matter of fact, most of the doctors in Medford were cooperating up to the spring of 1942, were they not? A. No.

Q. You say No? A. Not most of them, no.

Q. How many of them were cooperating? A. Well, that was a thing that was impossible—unless you state it on a certain day it is impossible, because it may change from today to tomorrow, and it may be a different number.

Q. Well, say between September 1941 and the first of February 1942. A. I would say that approximately forty to fifty per cent of the doctors were cooperating
415 with us, possibly.

Q. I am going to read a list of doctors and ask you to tell us which of those were not cooperating. A. There again I would rather not involve names, if possible.

Q. I can understand that, but it is necessary. Dr. Sweeney, Dr. Coyle, Dr. Howard, Dr. Sherwood, Dr. Bishop, Dr. Inskeep, Dr. Drummond, Dr. Kresse, Dr. Loeffler, Dr. Moffatt. Which of those were not cooperating at that time? A. Well, you can rule two of those out, they are osteopaths, Sherwood and Howard. They are not M. D.'s.

Q. Oh, that is my mistake. I will put a circle around those. And they weren't cooperating, the osteopaths? A. Yes, they were.

Q. Well, the rest of them I named, which of those were not cooperating at that time? A. Let's read it again and I will go individually on them.

Q. Sweeney? A. Yes.

Q. Coyle? A. Yes.

Q. Bishop? A. What is the date on this now that we are discussing?

Q. Well, I am discussing now between September 1941 and the first of February 1942. A. Was that prior to the time he went into the service? Just before he
416 went into the service he was not cooperating. I don't believe he was. I will say No.

Q. I don't know when he went into the service. A. I will say No.

Q. Inskeep? A. No.

Q. Drummond? A. No.

Q. Kresse? A. Yes.

Q. Loeffler? A. Yes, and no. That was a new doctor in Medford. When he first came to town he cooperated, and in about a month, why, he was right in with the rest of them.

Q. Moffatt? A. He is strictly an x-ray man.

Q. Did he cooperate? A. Yes. He just ran a laboratory.

Q. Tell us some more of them that were cooperating. A. In addition to that?

Q. Yes.

Mr. Marcus: Your Honor, I would at least like the record to show that we have this objection of irrelevancy on the ground it doesn't matter whether there were some doctors cooperating as long as there were some doctors who did not cooperate because of the action of
417 these defendants.

The Court: Overruled.

418 A. Well, I would like to have you submit a list of doctors' names to me that were practicing at that time.

Q. Showing you now what is Exhibit—I don't know the number—a letter written to the California-Oregon Power Company.

Tell us the doctors there that were cooperating at that time. A. What do you mean by "cooperating"? Taking a check or—

The Court: That is what I have been wondering about for five days.

A. Well, I say, your Honor,—

The Court: It has been used here a thousand times. You put your own explanation on it.

A. Taking a ticket or taking a check? These doctors that I say were taking a check—

The Court: Don't tell me your troubles.

A. Sometimes they will take a check, different ones, as I say.

The Court: What is meant by "cooperating"? You make your own explanation.

Mr. Jaureguy:

Q. Well, would you say that a doctor who does not take tickets but who gives an itemized statement to the patient and the patient then gets reimbursement on that itemized statement is cooperating? A. Through a method of subterfuge, yes.

Q. Do you include him among those who are cooperating? A. You want me to include doctors who take checks as cooperating?

419 Q. Well, would you say they were cooperating? A. I say they took them under different circumstances. I think some of these doctors at some time did. If their patient died or moved out of the country, then they wanted their checks from us, but they would never take one if they could get it another way.

Q. Would you say he was cooperating then? A. No.

Q. Just name those that you feel were cooperating. A. Are you taking the period up to 1942 or all the way through?

Q. From September, 1941, until the 1st of February, 1942. A. September, 1941?

Q. Yes. A. To February, '42?

Q. During that period of time that they were cooperating, as you say. A. You are taking a very short period. You are taking a very short period out of a few years.

Q. Take one period, then, that they were cooperating, at any time. Take the period between 1988 and February 1, 1942. Just name them. A. Well, I would say that there would be only one there, in here, that would have cooperated with the Association during that entire period.

Q. I asked you to name those who were cooperating during any of that period. I would prefer to have

420 you give us the names of those who were cooperating from September, 1941, to the 1st of February, 1942; but, as I understand, you could not do that very well. We will confine it to that period, then. A. I believe Dr. Halboth—

Q. What is that? A. —was cooperating.

Q. Who? A. Dr. Halboth. I believe he was cooperating at that time, up until the time he went in the service. I believe it is only that one—I believe that is the only additional one.

Q. The only additional one? A. Yes.

Q. Who was the doctor who was cooperating all the time you were down there? A. Dr. Sweeney.

Q. He was very friendly to the National, wasn't he? A. I believe so.

Q. Well,— A. I know he was. I know so.

Q. You know so, certainly. He was at all times friendly with National up to the time he retired from practice? A. Yes, sir.

Q. Did you discuss with him the attitudes of various other doctors? A. Frankly, I think I had less dis-
421 cussion with him than I had with the ones that were opposing us; very seldom ever discussed it with him.

Q. Did you discuss with him the attitude of the other doctors? A. No, sir; I don't believe I did.

Q. Did he give you suggestions as to how to solve the difficulty? A. No, sir; he didn't.

Q. You started in, in 1936, with the company, as an ambulance driver or attendant? A. Yes, sir.

Q. Which was it? A. Both.

Q. Then you became Manager there? A. Yes.

Q. National's—Manager of National's affairs at Bonneville? A. Yes.

Q. About how many men were there at Bonneville? A. I believe when I first went up—You mean employees?

Q. Yes, employees. A. Employees of the National or the contractors?

Q. Employees at Bonneville who were members, we will say, of the National Hospital Association, who were entitled to their benefits. A. Well, I can give you a round figure. I think maybe somewhere around 1400 or 1500.
That would fluctuate, because they were not all
422 covered. They were not obligated to belong.

Q. What was the work that National was doing there? How did they handle it? Explain that to us. A. I think there was a voluntary membership proposition. An employee could belong to the Association or not. There was a subcontract with the State Industrial Accident Commission for medical aid, a contract to provide emergency service.

Q. When a man gets hurt what happens to him? That is what I am trying to get at. A. Well, an ambulance is dispatched, if he is incapacitated or it is a serious case, and he is moved by ambulance to a first-aid station for shock treatment and, after he is in condition for transportation, he is moved.

Q. Moved to Portland, you mean? A. Well, either Hood River, The Dalles or Portland, depending on where he lives or where he wanted to go.

Q. How serious did the cases have to be before they were moved? I mean, what type of cases could be handled right there? A. That was up to the judgment of the doctors.

Q. What doctor was there at the time? A. There were several of them.

Q. Several of them at one time, or at different times? A. No, we had two doctors on the Bonneville side and two on the North Bonneville side in the Washington area.

Q. Who were the doctors on the Bonneville side?

423 A. Dr. Suckow and Dr. Lloyd, and on the other side was Dr. Harris—

Q. That is all right. I am just asking you about the Oregon side. A. Then, later, Dr. Shininger.

Q. Were there two Oregon doctors on the Oregon side all the time or just one for a few months and then another one? A. There was an interlapping arrangement. At the height of the operation there were two at the same time, when the traffic was sufficient to require more than one doctor's care; then we had two. The same was true on the number of ambulances. At one time we had two on the Oregon side and one on the Washington side. Then, later on, as it became slowed down, we just had one ambulance.

Q. Were there nurses or any non-doctors other than doctors that took care of patients? A. Well, you had ambulance attendants; you had first-aid attendants.

Q. If a man would come in that was sick, would he see a doctor or see a nurse? A. See a doctor.

Q. Always? A. Well, probably not if he came in after 5:30 o'clock or 2:00 o'clock in the morning, when he got off the graveyard shift or something like that, if he had a headache or something.

424 Q. When these men were injured and came to Portland, they went to the headquarters of National, and then were sent to one of the National doctors, weren't they? A. You mean if they were transported into Portland?

Q. What is that? A. I say that was the type of complaint that was brought into my office by the members.

Q. Did you say you had some correspondence now? A. Well, I would have to go back and look into the records of the correspondence that I had during 1938 to 1945,
429 prior to the time that I left the organization.

Q. I mean all that correspondence is down at Medford? A. Yes, sir.

Q. Did the Federal Bureau of Investigation go through it in preparation for this case? A. I wouldn't know.

Q. Where is that correspondence? A. It is in the office of the National Hospital Association in Medford, as far as I know. I don't know.

Q. Oh, in the National Hospital Association's office. It is not under your control now? A. No, sir. It hasn't been since 1945.

Q. Now, in 1942 you attended a meeting of the Timber Products Company of Medford and the employees voted to have the National Hospital Association take care of them? A. Right.

Q. Had the National Hospital Association had that account before that time? A. No, sir.

Q. Who had it? A. Yes, they did have. They did have it about four years prior to that time. There was a lapse of four or five years during which time the Southern Oregon Medical Bureau had the contract.

Q. And in 1942 they elected to come under the
430 National Hospital Association rather than the Southern Oregon Medical Service Association? A. That is right.

Q. Was there somebody there representing the Southern Oregon Medical Service Association? A. I believe that was right in that time when that change was occurring, I think.

Q. In other words, you don't know at the time whether it was the Southern Oregon Medical Service Association or the OPS; is that the idea? A. There is a party here that can tell me.

Q. Well, whichever it was, whether it was the Southern Oregon Medical Society—A. I believe it was the Oregon Physicians.

Q. Was there somebody there representing whoever it was? A. Yes.

Q. Who was that? A. I believe Willard Marshall and Justin Smith were there.

Q. Did the men discuss in your presence their ideas of the advantages and disadvantages of the accounts? A. Yes. In other words, we each had a fifteen or thirty-minute period in which we could present our side of the case, and then the other party would present their side. In other words, I didn't attend when the opposition was discussing the benefits of theirs, and they didn't at-
431 tend while I was discussing mine.

Q. What I was getting at, were you present when the union men themselves discussed the pros and cons of the two? A. Well—

Q. Or while you were there presenting your side? A. Just my side. There wasn't any round-table discussion. I wasn't in on the discussion as to when they made their decision or anything like that. It was a secret ballot.

Q. When you were in there you were the only one talking; is that it? A. That is right.

Q. You don't know what the union men said, then, about your organization and about OPS? A. No, I wouldn't know that.

Q. But the doctors' organization had had that for four years and in the spring of '42 they changed to National? A. That is right.

Q. Would you know how long National had had it on the former occasion? A. No, I wouldn't know that exactly. I think some time, though.

Q. Do they still have it, do you know? A. Yes, sir.
432 Q. They still have it? A. Yes, sir.

Q. They have had it ever since 1942? A. Yes, sir.

Q. You told this morning about some member going out and getting an itemized statement, and when he came back the bill was raised. How much was the amount of the bill, first, before it was raised and, second, after it was raised? A. The original bill was $3.00 for one office call.

Q. $3.00? A. Yes.

Q. Then when it came back how much was it? A. It was $3.50.

Q. So there was 50 cents added to it? A. That is right.

Q. Do you happen to know what doctor that was? A. Yes, sir.

Q. Will you give us his name. A. Dr. Drummond.

Q. Do you know whether it is his regular practice to charge insurance companies a fee for making reports and and doing things? A. I wouldn't know that.

Q. You don't know that. Now, this meeting that you had with the Timber Products Company of Medford, is that

Q. Yes, that is right. A. Of course, that was part of my duties and the doctors' duties to find out whether the man lived in Portland or whether he lived in The Dalles. There were a lot of employees at Bonneville that lived at Pendleton or The Dalles or Hood River.

Q. When they were brought to Portland, what doctor did they go to? A. Well, frankly, that wasn't part of anything that I had anything to do about.

Q. I am not asking whether you had something to do with it or not. I am asking what doctor he went to when he came to Portland. A. Depends on what kind of a case it was.

Mr. Marcus: Your Honor, at best his answer would have to be based on heresay, and I would like to say this, too, your Honor: We would like to have the record show we consider these questions to be outside the scope of the examination, and if they are permitted, as I think they will be, Mr. Jaureguy is making Mr. Furrer his own witness.

The Court: Nothing wrong about that. I often allow that, especially in a long trial. Tell what you know.

425 Let's get along with this. Tell us what you know.

Mr. Jaureguy:

Q. When you were an ambulance driver and when you were an attendant, did you ever bring patients into Portland? A. Yes.

Q. Where did you take them when you brought them in here? A. Either St. Vincent's Hospital or Good Samaritan.

Q. Did you have occasion to know who their doctors were there? A. No, that wasn't—not when I was an ambulance driver.

Q. So you don't know what doctors in Portland took care of them? A. No, sir.

Q. I understood you to say yesterday—and I refer to page 391 of the transcript—that up to the time you went to Medford in 1938,—December, 1938,—servicing of accounts was rather simple. Is that correct? A. Yes. That is, not right at 1938 but in some years prior to that time.

Q. You mean up to 1938? A. Well, it became increasingly difficult and by 1938 it apparently had gotten to the point where it required some attention, some real attention.

Q. Then do you mean to say what happened in 1938,—December, 1938,—was not something sudden but something

that had been accumulating over a period of years?
426 A. Well, it became sudden. I believe there were some letters that I saw from doctors, stating that after January 1st, 1939, they would no longer accept or treat—accept tickets of National.

Q. When did you see those letters? A. I believe they came in around November or somewhere in there.

Q. When did you see them, then or recently? A. I haven't seen them recently. I recall seeing the letters.

Q. What did you mean when you said the servicing of the accounts was quite simple? A. Well, you don't have—They were simple, obviously, compared to what we knew would result.

Q. What did the servicing of the accounts involve prior to that time? A. Well, it is a matter of contacting a few employees that have unusual claims or discussing with them the renewal of their membership or discussing with the employer regarding his interest in the contract or something of that nature, but the members just went to the doctors and obtained services and we made payment to the doctors, and that was it.

Q. That, pretty generally, was the process up to the time you went down there in December, 1938? A. Well, I imagine in most instances, yes.

Q. Can you tell me of an instance that you know about where a doctor—Give me the name of a doctor who
427 insisted on the patient paying cash when he got service or before he got service. A. Dr. Lemery?

Q. Dr. Lemery? A. Yes.

428 Q. All right. Give me another name. A. Dr. Clancy.

Give me another one. A. I can't give you the name—

Q. What is that? A. I can't give you the name of any others that I would be absolutely certain of.

Q. Can you give me the name of the patients? A. I can't at this time. But if I had access to the files, to the letters that I wrote I probably could.

Q. When did that occur? A. Well—

Q. I take it it was between December 1938 and 1945 sometime? A. Yes. I would say sometime during 1942, the spring of '42.

Q. The spring of '42? A. More obviously.

Q. Would you say that it happened on more than one occasion for each of those doctors? A. Yes. That was the type of complaint that our members brought into my office.

the only time you presented your case before a union, or did you do it on other occasions? A. Well, that wasn't even a union. There isn't any union at the Timber Products.

433

Q. Oh, that was a meeting of employees, yes. A. That is right. And the meeting was called by the management.

Q. Was it the usual practice when you were trying to get an account for you to present it to a meeting of employees? A. Well, that varied. I mean, sometimes you have an employer that prefers to make his own decision on something like that, and sometimes—I mean you just can't set a policy on that.

Q. Sometimes it was done and sometimes not? A. It depends on what the arrangement has been in practice before. If it had been done that way before, you usually repeated it, and if it was a different arrangement, you you went before the meeting as a whole? A. That is right. conformed to what had been done previous to that.

Q. Sometimes you dealt with individuals, and sometimes

Mr. Jaureguy: That will be all. Thank you.

Redirect Examination

By Mr. Weinstein:

Q. In answer to a question by Mr. Jaureguy you said that some doctors said they couldn't give itemized statements. Now, I would like to ask, did any of the doctors tell you they couldn't give you itemized statements because of the Medical Society policy?

434

Mr. Jaureguy: I want to object again to leading questions.

The Court: Answer.

A. Yes.

Mr. Weinstein:

Q. You talked about ambulances transporting patients when you were at the Bonneville Dam project. Was that ambulance used to take patients from the Bonneville Project in to be serviced by North Bonneville Doctors in Washington? A. Well, yes. I mean, you see there was a bridge across the river, and if the man lived in North Bonneville, and usually, why, they would live in Vancouver or some place, and they would want to be over on the Washington side, so we would take them on that side; that is, if he was able to talk. I mean, lots of them were very serious accidents, you know.

Q. Sometimes did people who were injured in North Bonneville come into Bonneville; that is, in an ambulance that was crossing the bridge? A. Yes. In other words, we had Oregon and Washington plates on each ambulance. We had plates for both states on each ambulance.

Q. By 1938 was there increasing difficulty in servicing the National Hospital Association accounts in the
435 Medford area?

The Court: That has been covered.

Mr. Marcus: Well, your Honor—

The Court: One at a time. Two men can't work on a witness. I won't allow that. If you have got anything to say, tell me.

Mr. Weinstein: Yes. Your Honor, I would just like to clear up a point. I think this matter was brought up by Mr. Jaureguy on cross examination, and I would just like to clear that point up.

The Court: It is a practice of lawyers to go over their whole direct again, and I can understand it. I used to practice law. I asked one or two simple questions and no more. This thing has been gone over on direct. Read the question.

Mr. Weinstein:

Q. In 1938 was there increasing difficulty in servicing the National accounts in the Medford area? A. Yes.

Q. Was that why you were sent to Medford? A. Yes.

Mr. Weinstein: That is all.

Mr. Jaureguy: That is all.

(Witness Excused.)

Mr. Marcus: Your Honor, before the next witness is called there are a few matters I would like to clear
436 up.

We have had marked as Exhibit 1091 a rating sheet for malpractice insurance. Now, we procured that rating sheet from the local office of Cravens, Dargan & Company, which I believe is an insurance brokerage firm. Their main office is in San Francisco, California. I have just received this letter, which states:

"October 19, 1949.

"To the Attorney General of the United States,

"Dear Sir:

"The Lloyd's of London Professional Liability Rates (Malpractice) enclosed issued by Cravens, Dargan & Company, 60 Sansome Street, San Francisco, California, effective November 1, 1947, appearing in photostat, as pre trial 1091, U-1-1 and U-1-2 reverse, represent the rates and premiums at which Cravens, Dargan & Company would entertain malpractice insurance through Lloyd's of London.

"If called to testify the undersigned would testify to the above statement with the proviso, however, that these rates and premiums are subject to change without notice.

"Yours very truly, J. W. Heinz, Manager, Automobile and Casualty Lloyd's Department."

I took this matter up with Mr. Jaureguy yesterday to see whether in view of this letter it would be necessary to bring someone from San Francisco to make this statement. And with your Honor's permission, and subject to what Mr. Jaureguy may have to say, I would like to have that statement in lieu of actually calling someone from San Francisco to make it.

Mr. Jaureguy: What did I say?

Mr. Marcus: You said you would let me know today.

Mr. Jaureguy: I now let you know that I will stipulate that if he was called he would testify in accordance with that letter.

Mr. Marcus: Now, your Honor, Mr. Jaureguy kindly called our attention to the fact that in Exhibit 971, the second page is a page that belongs to minutes other than that which the first page is concerned with. Now, I should like to ask Mr. Jaureguy for the second page so that we can correct this exhibit.

Mr. Jaureguy: You mean you want to photostat the second page?

Mr. Marcus: Yes.

Mr. Jaureguy: I don't want to tear it out of the minute book. Will you give me the date?

Mr. Marcus: June 29, 1938, Jackson County Medical Society.

The Court: Call a witness, Mr. Marcus, while he is looking for that.

Mr. Marcus: I have one other item.

The Court: You can talk during the recess. Get the next witness.

Mr. Marcus: Mr. Bechtold, please.

C. C. Bechtold was thereupon produced as a witness in behalf of the Plaintiff and, having been first duly sworn was examined and testified as follows:

Direct Examination.

By Mr. Marcus:

Q. Mr. Bechtold, are you connected with the National Hospital Association? A. Yes.

Q. What is your connection? A. General Manager.

Q. How long have you held that position? A. Thirty some years.

Q. Will you give us the approximate date of your first connection with the Association? A. Sometime in 1910.

Q. What positions have you held with the Association other than that of General Manager? A. Field representative, and at one time auditor.

Q. Are you familiar with the history of the Association? A. Yes.

439 Q. Could you briefly give us something of the history of that Association? A. The Association was established in 1906 through the sponsorship of some Portland businessmen and professional men. Dr. Holt C. Wilson was the principal in the organization, and they first wrote contracts with individuals. Later they expanded to include group contracts for the industries.

Q. What is the nature of the Association's business there? A. Prepaid medical and hospital insurance.

Q. The Association is a domestic corporation, is it not? A. Yes.

Q. Does it file annual reports with the Insurance Commissioner? A. Of Oregon.

Q. Where does it have its home office? A. Portland.

Q. Does it have other offices elsewhere? A. Yes, in Medford and in Susanville, California.

Q. Pursuant to requests of members of my staff and pursuant to subpoena did the Association turn over to the Court documents taken from the files of the Association? A. Yes.

Q. Mr. Bechtold, I am going to read to you numbers of exhibits and ask you whether you have examined those exhibits and whether they are photostats of documents taken from the files of the Association: 10 to 72, 256, 1446 to 1456, 1322 to 1442, 1457 to 1485, 1486 to 1556, 1557,

440 1750 to 1755, 1756 to 1766, 1767 to 1773, 1778, 1782 to 1790, 1803, 1805 to 1828, and 1829 to 1847. A. What was the question?

Q. Whether you have examined those exhibits and whether they are photostats of documents taken from your files? A. I have examined them, and they are photostatic copies; that is right.

Q. Does the Association have field representatives who solicit prepaid medical care policies? A. Yes.

Q. Could you give us their names? A. A. J. Mihalcik, L. C. Monnie, Robert Bervin, Paul Bechtold and Al Gustafson.

Q. Could you give us the name of your district manager in Medford? A. Edwin McKeen.

Q. Who is your claims manager? A. Walter J. Page.

Q. Who is the assistant to him in that department? A. Bill Jones.

Q. Are there other members in that department? A. Yes.

Q. Could you name them, please. A. Miss Berger, Mr. Jones and Mr. Johnson.

Q. Now, Mr. Bechtold, is it the regular course of business for the Association to have Mr. Page, yourself,
441 your district manager, and your field representatives make written memoranda and reports of complaints and difficulties arising from non-cooperation of doctors, and do they make such memoranda and reports in the regular course of business? A. Yes, they do.

Q. Are such records and memoranda generally brought to your attention? A. Yes, they are.

Q. And are such reports and memoranda used from time to time by the Association in determining what action should be taken because of the facts recited in those memoranda? A. Yes.

Q. Do you have field representatives who solicit accounts in states other than Oregon? A. Yes.

Q. Do you have staff meetings from time to time at which your field representatives and office force are present? A. Yes.

Q. About how often are such meetings held? A. Weekly, and more often, if it is required.

Q. At these meetings do you and the staff discuss complaints and difficulties arising with respect to prepaid medical care accounts? A. Yes.

Q. What kind of complaints and difficulties are
442 most often brought up at such staff meetings? A. Well, they are quite numerous and various. The complaints from members regarding their claims, com-

plaints sometimes from hospitals regarding their bills not being paid on time, complaints from labor union representatives regarding the delays of the service in settling claims, complaints from employers on the same subject, and others.

Q. Do those complaints include complaints of non-cooperation of doctors? A. Well, those would be embraced in what I have said.

Q. Do your field representatives normally report to you all difficulties as encountered in the field or complaints made to them by accounts who they contact? A. Yes, they do.

Q. At your deposition taken by Mr. Jaureguy you testified that you had doctors on retainer at Portland for emergency treatments and for convenience, did you not? A. I did.

Q. Is such treatment available to Oregon and out-of-state subscribers? A. Yes.

443 Mr. Marcus:

Q. Does the Association have subscribers and accounts resident in states other than Oregon? A. Yes.

Q. Can you name the states? A. In our group department we have accounts in Oregon, Washington and California. In our individual and family department we have accounts in practically all the states and some of the possessions of the United States.

Q. Would you say that the Association has a substantial number of subscribers located outside of Oregon? A. Yes, we do.

Q. Can you name five concerns located outside of Oregon which carry policies with you for their employees? A. Libby, McNeill & Libby in Washington.

The Court: You may be thinking that up during the recess.

(Short recess.)

Mr. Marcus: Your Honor, while we are getting Mr. Bechtold I might take up this other matter. With your Honor's permission I would like to state for the record the exhibits that were procured from the Industrial Hospital Association—now, I don't know whether Mr. Jaureguy would want me to call Mr. Brunkow back or whether he will accept my statement.

Mr. Jaureguy: I will accept the statement and then if

I find reason to question some particular document I will advise the Court and Counsel.

444 Mr. Marcus: 88, 89, 91—perhaps I can just give this to the Reporter.

The Court: Yes.

(Following numbers copied from list:)

88, 89, 91, 100, 513 to 637, 638 to 660, 1100, 1101-1105, 1249-1252, 1445, 1669-1673, 1750, 1753, 1781, 1793-1799, 1852, 1853, 1856 to 1868.

Mr. Marcus:

Q. Mr. Bechtold, you had started to give us the names of five concerns located outside of Oregon which carried policies with you. A. Deep River Timber Company in Washington, the Libby, McNeil & Libby in several locations in Washington, Fruit Growers Supply Company at Susanville, Mt. Lassen Lumber Company, Mt. Shasta Lumber Company in California—the latter three were in California—the Sharp Lumber Company in California, General Construction Company in Washington—

Q. I think that will be enough. Do the companies you have mentioned and others outside of the state who have contracts with you periodically forward money to the Association? A. Monthly.

Q. Does the Association in carrying on its business correspond with subscribers outside the state? A. Yes.

445 Q. With doctors outside the state? A. Yes.

Q. With hospitals outside the state? A. Yes.

Q. With suppliers of medical supplies and equipment located outside the state? A. Yes.

Q. Does the Association receive correspondence from persons and concerns referred to in the previous question? A. Yes, we do.

Q. Would you say that annually a substantial amount of correspondence is exchanged between the Association and such persons and concerns who are employers? A. Very substantial amount.

Q. What means of communication is used in contacting such persons and concerns and being contacted? A. United States mails, telephone and telegraph.

Q. Would you say such communications have been regular and frequent? A. I beg pardon?

Q. Would you say such communications had been regular and frequent? A. Very regular. It is part of our business.

Q. Does the Association in carrying out its business send policies or contracts to residents of other states?
446 A. Yes.

Q. Does it receive premium payments from subscribers outside the state? A. Yes.

Q. Have members resident in other states gotten medical treatment in such states? A. Yes.

Q. Have members resident in the State of Oregon received treatment outside the state which is paid for by the Association? A. Yes.

Q. Have members resident in Oregon who became ill in other states had their medical bills paid by the Association? A. Members from Oregon?

Q. Have members from Oregon who became ill in other states— A. Yes.

Q. —had their medical bills paid by the Association? A. Yes.

Q. As a part of its regular course of business does the Association correspond with policy holders treated for illness outside of the State of Oregon? A. Yes.

Q. With doctors outside of Oregon treating such policy holders? A. Yes.

Q. With hospitals in other states in which policy holders are treated? A. Yes.

447 Q. Does the Association have policy holders in Vancouver, Washington? A. Yes.

Q. Does the Association buy medical supplies and equipment from suppliers outside the state? A. Yes.

Q. Would you say that a substantial amount of such supplies and equipment, both in quantity and value, are bought annually by the Association? A. Yes.

Q. Mr. Bechtold, I show you Exhibit 256 and ask you whether this represents a statement of such purchases for the period indicated on this exhibit. A. Yes, it does.

Q. Does the Association supply concerns having policies for their employees with your Association with medical or first-aid supplies? A. Yes.

Q. Do you send such supplies to concerns outside of Oregon when they take prepaid medical care policies from you? A. Yes, we do.

Q. What means of transportation is used in doing that? A. Mail, express, freight, motor bus, motor trucks.

Q. Are their supplies replenished from time to
448 time by the Association? A. On requisitions from the employers.

Q. During the past year did Mr. Belfrey of the Federal

(Answer read.)

A. We have been able to retain some by special effort.

Mr. Marcus:

Q. Would you say the Association has lost more than ten such accounts? A. Yes.

Q. Would you say more than twenty-five? A. I think so. I haven't kept a count.

Q. What action, if any, does the Association normally take when it is advised of difficulty arising over doctors not accepting the Association's tickets? A. Depends on the report, the location of the particular plant and the nearness of the date on which the contract would be terminated.

If it appears to be an emergency, we usually telephone to the employer and ask him the specific reason and circumstances, and a representative is sent out to discuss with the employer or with his employees, according to the circumstances of a particular case, to discuss the situation and to do whatever is necessary in order to try to
453 save the account.

Q. When such complaints come to the Association, are field representatives required or requested by the employers or union officials from time to time to come out and discuss the matter? A. Yes.

Q. What arrangements are made to pay subscribers' doctor bills when doctors do not accept the Association's tickets? A. Members are reimbursed if they have paid the bill. If he has not paid the bill, which is quite frequent, if they don't have the money to pay, we will advance the money to the member, provided, of course, that we are furnished with itemized statements and sufficient information to enable us to approve the account.

Q. Do you know whether some of your employer-subscribers have designated particular employees to aid employees by collecting their bills and sending them on to you? A. Yes. Some employers have certain employees in their offices designated for that purpose.

Q. Is that more true in areas where doctors refuse to accept tickets than where they do? A. That is the only place where it is required—the only places where it is required.

Q. Do some of your employer accounts, where the doctor does not accept tickets, contact the Association to receive payments which they have made?

454 The question is: In some instances, to your knowledge, do employers make payment and then ask the

Association to refund that payment? A. That has been done.

Q. Does the Association normally require an itemized statement from a doctor before it pays the medical bills of the subscribers? A. Yes.

Q. In a case of a doctor who does not accept the Association's tickets, do you have more difficulty getting such statements than in the case where a doctor does accept such tickets? A. We have no difficulty where a doctor does accept the tickets.

Q. Where a doctor does not accept tickets, is there normally more of a delay occasioned the Association in making payment for medical services under its contract, than in a case where a doctor does accept tickets? A. There usually is a delay.

Q. Why? A. A delay in obtaining the information. We have to communicate with the employee, with the employer many times, sometime we make an effort by writing the doctor directly for his work, for his report; but there is always a considerable delay.

Q. Do you regard this delay as injurious to the Association's business? A. Very injurious.

Q. Mr. Bechtold, to your knowledge has the As-
455 sociation met with opposition from doctors in Oregon? A. Yes.

Q. What form, generally, has this opposition taken? A. There are various forms. The principal form is that they refuse their patients any cooperation in obtaining the benefits to which they are entitled under our contract.

Q. Has the ability of the Association to compete with such prepaid medical care organizations as the Oregon Physicians' Service been impaired by the attitude of these doctors? A. Very much.

Q. Has the refusal of doctors to accept the Association's tickets caused any extra burden of work and expense on the Association? A. Yes.

Q. Will you expand on that? Just how? A. It has required additional clerical help to inquire into claims and obtain the information necessary to establish a claim. It has required considerable of my own time because of peculiar conditions that grow out of their refusal. It has added additional time—additional work on the claims department. Mr. Page is required to devote a lot of personal attention to minor claims that could ordinarily be settled by a clerk and, generally, it has created difficulties that can

Bureau of Investigation contact you with reference to making a study of the interstate operations of the Association? A. Yes.

Q. Did you permit such study to be made? A. Yes.

Q. Were you advised of the particular matters desired to be ascertained? A. Particular matters?

Q. Yes. Just, were you advised of the particular matters? A. They asked for information regarding the contracts, both in and out of the state, regarding our purchases and the manner in which we conduct our business, information regarding patients treated in and out of the state, information regarding the membership in and out of the state—

Q. Did you designate any employees of the Association to help make the study? A. Yes.

Q. And do you recall what employees? A. Well, I don't remember the exact—Al Gustafson was one. I believe Mrs. Johnson and Miss Larson—

Q. And was that study carried on in the office
449 of the Association? A. Yes, it was.

Q. In the course of the Association's business does it authorize the water supply of various concerns under contract with National to be analyzed? A. Yes.

Q. Does that analysis from time to time require transportation of samples of water supplies across state lines? A. Yes.

Q. Now, Mr. Bechtold, at your deposition taken by Mr. Jaureguy, Page 28 of the transcript shows these questions and answers:

"Mr. Jaureguy: You say there have been cases reported where a doctor has refused to treat a patient. Give us a particular instant.

"Answer: I remember one case very distinctly that happened in the Legislature where one of the men testified—and that is a matter of record and you can get it—that a doctor in Corvallis had started to treat him and when he found out he was a member of the National he refused to continue.

"Mr. Jaureguy: That was a fellow with a sliver in his finger?

"Answer: I think so."

That is true, is it not? A. Yes.

Q. Has the Association received complaints from
450 subscribers that doctors were not accepting tickets?
A. Yes, many of them.

Q. Have some of such complaints been made to you personally by telephone? A. Yes.

Q. In your office? A. Yes.

Q. And have you had occasion to discuss such complaints with persons making them? A. Yes.

Q. You had occasion to discuss such complaints with employers? A. Yes.

Q. With employees? A. Yes.

Q. With union officials? A. Yes.

Q. And do your field representatives bring to the Association's attention such complaints and difficulties? A. Yes.

Q. Would you say that part of your time and that of Mr. Page's is taken up in handling complaints and difficulties arising from doctors not cooperating with the Association? A. A very considerable part of our time is.

Q. And would you say that was true of your field representatives? A. Yes.

451 Q. Has the Association received communications from doctors stating they would not accept the Association's tickets? A. Yes.

Q. Are they usually brought to your attention? A. Yes.

Q. Have subscribers turned over to the Association similar communications from doctors to them? A. Yes.

Q. Have subscribers resident in other states who have come to Oregon for medical treatment had their tickets refused by Oregon doctors? A. Yes.

Q. And has the Association had to take up with subscribers resident outside of the state matters arising out of such refusal? A. Yes.

Q. Has the Association received complaints from subscribers that they had to pay cash because of refusal of doctors to accept tickets? A. Yes.

Q. And do you have occasion to pay medical bills of subscribers when they have made payment to doctors? A. Yes.

Q. Would you say that was frequently or infrequently? A. Very frequently.

452 Q. Has the Association received letters from subscribers stating they were canceling their accounts because of the failure of doctors to cooperate with the Association? A. Yes.

Q. Have such accounts generally been canceled? A. Some of them have and some—

Mr. Jaureguy: I didn't hear the answer. I am sorry.

only grow out of a situation where you can't get sufficient information to pass on your accounts.

456 Q. Would you say that the method of business required to be carried on by the Association as a result of doctors not accepting tickets has caused an increase in your clerical staff? A. Very much.

Q. Mr. Bechtold, I show you Exhibit 1443, which is a summary of the interstate operations of the Association for the periods indicated on the summary, and ask whether you are satisfied the conditions under which the study was made assure its accuracy? A. May I have your question?

(Question read.)

A. Well, it is substantially correct but there are some—the figures I do not believe are sufficient.

Q. You mean by that you think other examples could have been used? A. Well, I might explain, from the records available I think probably this is correct, but some of our records—we moved two years ago and some of our records were misplaced at that time, but this is substantially correct.

Q. Mr. Bechtold, I am going to read off the names of the individual defendants in this case and ask you whether or not each of them has accepted tickets.

Q. W. W. Baum? A. No.

457 Q. John Besson? A. No.

Q. J. P. Brennan? A. No.

Q. John Fitzgibbon? A. No.

Q. Charles E. Hunt? A. I don't know.

Q. Gordon B. Leitch? A. No.

Q. K. H. Martzloff? A. No.

Q. E. H. McLean? A. No.

Q. Mr. Bechtold, what has been the situation in Clackamas County with respect to doctors accepting the Association's tickets? A. What is or what has been?

Q. What has been? A. Well, several years ago they accepted tickets. At the present time they are not.

Q. In Clatsop County? A. The same answer applies.

Q. Columbia County? A. The same answer applies, except I believe recently there are some of the doctors

458 there who are accepting tickets.

Q. In Douglas County? A. The same answer applies.

Q. In Jackson County? A. The same answer.

Q. In Lane County? A. The same answer.

Q. In Marion County? A. There are one or two or three doctors in Marion County who accept.

Q. In Polk County? A. I believe that all the doctors in Polk County accept.

Q. In Multnomah County? A. In Multnomah County it is divided. I would not be able to tell the number or the percentage.

Q. Has the Association had difficulties with doctors not cooperating and not accepting tickets in Multnomah County during this period? A. Very materially.

Q. I would like to take each of these counties and see whether you can recall the approximate period of this lack or failure of the doctors to accept the Association's tickets. Clatsop County? A. Up to about 1943, I
459 think, the doctors in Clatsop County were very cooperative.

Q. How about the period from 1936 to 1943? A. They were very cooperative.

Q. How about Columbia County? A. I don't remember the dates, but they had been very cooperative up to a certain period and then from that time on they were not.

Q. Would you say that the period of non-cooperation was longer or shorter than Clatsop County? A. I believe it was longer.

Q. How about Douglas County? A. The same condition prevailed there, but the period was shorter.

Mr. Jaureguy: I would like to know which was the shorter, the cooperativeness or the non-cooperativeness.

A. The non-cooperativeness.

Mr. Marcus:

Q. Now, in Jackson County has the period of non-cooperativeness been longer or shorter than, say, in Clatsop County? A. That has been kind of spotty. At one time they were cooperative, and then they weren't, then they were, and now they are not.

Q. How about Lane County? A. That has been for some time.

Q. How about Marion County? Would you say
460 that that goes back prior to Clatsop County? A. Yes, that goes beyond Clatsop County.

Q. Mr. Bechtold, I show you Exhibit 15, which is a letter from the Lower Columbia Cooperative Dairy Association to the National Hospital Association and ask whether after receiving that letter the Association lost that account? A. Yes.

Q. I show you Exhibit 17, which is a letter to Mrs. Laura Hoffman, and the initials T. M. J. appear on the lower left-hand corner of that document. What is your understanding of whose initials they are? A. It corresponds with Dr. Joyce's initials.

Q. To your knowledge did Dr. Joyce accept tickets? A. Not at the time this was written.

Q. Do you know whether he is still alive? A. I believe he is deceased.

The Court: Does the Portland Clinic take tickets now?

A. No, your Honor.

Mr. Marcus:

Q. Mr. Bechtold, I show you Exhibit 18, which is a letter from Dr. Banner R. Brooke to you, care of the Hospital Association, and I call your attention to the statement in that letter, "The reasons for my refusal are, of course, known to you." Now, I ask you to read that letter and state what you know of those reasons. A.
461 The letter is addressed to myself and to Mr. Page, care of the National Hospital Association, bearing Dr. Banner R. Brooke's letterhead. It says: "Gentlemen: It has been a pleasure for me to have been complimented by your association"—

The Court: You don't need to read it aloud. He just wants to know what the reason was, the background of it.

The Witness: Excuse me.

(Exhibit 18 is as follows:)

"Dr. Banner R. Brooke
218-220 Medical Dental Bldg.
Portland, Oregon;

July 2, 1936.

"Mr. C. C. Bechtold
Mr. W. J. Page
c/o National Hospital Association

Gentlemen:

"It has been a pleasure for me to have been complimented by your association in referring a few cases to me for medical or surgical care. Permit me to thank you for the same. However, I shall be obliged to refuse to attend

any referred cases in the future. The reasons for my refusal are, of course, known to you. I shall be happy to complete all of your cases at present under my care, if this is agreeable to you.

"In the greatest spirit of friendliness.

462 "Banner R. Brooke."

The Court: What are the reasons he says there that are known to you?

A. This was written in 1936. As I recall, it followed a meeting of the Medical Society in which Dr. Fishbein was present. I believe that the meeting was held at the Waverley County Club. Dr. Banner Brooke was the president of the Association at the time. Prior to that time Dr. Brooke had been very cooperative with the National Hospital Association, and following that meeting he telephoned to me personally and told me he would be unable to continue accepting patients from the Association. Following that he wrote this letter.

Mr. Marcus:

Q. What reason did he give you? A. He gave his reason that he was considering a movement to discontinue treating members of the National Hospital Association and another society, and that this matter had been discussed at this meeting at which Dr. Fishbein was present and gave them his ideas, and he said in his position as president of the Society it would be very embarrassing for him if he continued to treat members of the Association.

Mr. Marcus: Your Honor, I have here Exhibit 20, which is a letter written to Mr. Bechtold, and I think it has some special significance, and I would like to read it to call it to your attention and suggest it to Mr. Bechtold.

463 "Dear Mr. Bechtold: This letter is to notify you and your Association that beginning the 1st of March, 1940, the undersigned physicians and the Hospitals that they represent will no longer accept National Hospital tickets.

"As you know, the physicians in Coquille now have a hospital association—which—with the Coos Bay and Mast Associations we feel is capable of serving their own communities in Coos County.

"This action is in compliance with the standards governing contract practice as recently set forth by the State

Medical Association, whereby it is considered against the best interests of the patient to have a third party (that is a layman) come between the physician and his patient. Hereafter, only Hospital Associations owned and operated by physicians will be acceptable by us."

Then, it is signed on behalf of Coquille Hospital; Belle Knife Hospital, Mast Hospital, and the Bandon Hospital.

Q. Now, Mr. Bechtold, where is the Coquille Hospital located? A. Coquille.

Q. Where is that located? A. It is in Coos County—Coos or Curry; I don't remember which.

Mr. Jaureguy: The County Seat of Coos County.

The Witness: Is it Coos?

Mr. Marcus:

Q. And the Belle Knife Hospital? A. In the same
464 county. I don't know my geography.

Q. And the Mast Hospital? A In the same county.

Q. And the Bandon Hospital? A. That is in the same county,—or is that Curry?

Q. Do you recall whether you contacted any of these hospitals upon receiving that letter? A. I don't recall. That has been quite a while ago.

Mr. Marcus: Your Honor, I would like now to read one other letter. That first letter is dated January 10, 1940, and this letter is dated March 15, 1940. This is Exhibit 25, and is a letter on the letterhead of the Coquille Hospital, addressed to C. C. Bechtold.

"Dear Mr. Bechtold: In reply to your letter of March 13, 1940. The reason for our refusing to accept tickets issued by the National Hospital Association is based purely upon the policy of the Medical Economics Bureau of the Oregon State Medical Society. If your Association was acceptable to the standards of that committee, there will be no question about our refusing services to your members. Our policy is in no way based on our past cordial relations and it is with sincere regret that it was necessary for us to take this step."

The Court: We will recess until 2:00 o'clock.

(Thereupon a recess was taken until 2:00 o'clock, P. M., of the same day, October 21, 1949.)

Court reconvened at 2:00 o'clock P. M., on Friday, October 21, 1949.

C. C. BECHTOLD, a witness on behalf of Plaintiff, resumed the stand, and was examined and testified further as follows:

Direct Examination (Continued)

By Mr. Marcus:

Q. Mr. Bechtold, I show you Exhibit 1829 and ask whether the notation which is typed at the bottom represents the dates during which this contract was used by the Association. A. Yes.

Q. I ask you the same question with respect to Exhibit 1830. A. Yes.

Q. 1831. A. Yes.

Q. 1832? A. Yes.

Q. And 1833 to 1847. A. Yes.

Q. I ask you the same question with respect to Exhibits 1805 through 1817. A. Yes.

Q. And the same question with respect to Exhib-
466 its 1818 through 1828? A. May I have that question?

The Clerk: Read him the question.

(The following was read: "Mr. Bechtold, I show you Exhibit 1829 and ask whether the notation which is typed at the bottom represents the dates during which this contract was used by the Association.")

A. The answer is Yes.

Mr. Marcus:

Q. Mr. Bechtold, I show you Exhibit 72, which is a form contract of the National Hospital Association, but which does not have a date on it, and ask whether you recall the approximate period during which this contract was used by the Association. A. About 1946 and '47, I believe.

Q. Now, Mr. Bechtold, prior to 1943, say from 1936 on, would you say that the Association had been receiving complaints from various parts of the state with respect to doctors not accepting Association tickets? A. Yes.

Q. And the records you have turned over to the court, do they show the period during which complaints were received? A. There are letters there, I am sure, that will show that.

Q. Now, Mr. Bechtold, this morning you testified that Dr. McLean was one of those that did not accept the
467 Association's tickets. Did you ever have occasion to discuss with him why he did not take the Association's tickets? A. Yes, I did.

Q. And what did he say? A. Well, he told me of his relations with the Medical Societies, Medical Society, also his having been elected, I believe, a delegate to the American Medical Association.

Q. Now, Mr. Bechtold, calling your attention to the year 1940, did you during that year or at the approximate time have occasion to have a dinner engagement with Dr. Gordon Leitch? A. Yes.

Q. Will you tell us what was the occasion for that engagement, who was there and what was discussed at that dinner engagement? A. I received a telephone call either from Dr. Leitch personally or from Dr. Robinson, I don't recall which, inviting myself and Mr. Page to dinner at the Benson Hotel. We met the gentlemen. I didn't know Dr. Leitch at that time. I did know Dr. Robinson. We had dinner in the basement dining room of the hotel. After exchanging the usual courtesies Dr. Leitch stated the purpose of the meeting—

Mr. Jaureguy: Just a moment, please. I want to object to this on behalf of the other defendants that as to them it is hearsay and not binding on them.

The Court: He may answer subject to it being connected up.

468 Mr. Marcus:

Q. Go ahead. A. He stated the reason he had invited us to this dinner was to discuss with us, to propose to us that we turn over our business, the business of the National Hospital Association, to the Oregon Physicians' Service. He went at some length explaining that he was not personally interested, also stated that he didn't have any connection with the Oregon Physicians' Service at that time, but in the interest of the medical profession generally he thought it would be a good thing if we weren't in the picture, that we were lay people, and therefore this should be in the hands of the medical doctors. We listened quite intently to what Dr. Leitch had to say, and as a matter of fact we didn't have much opportunity to talk ourselves; but I did ask him what the consideration would be. He stated that they hadn't thought of any consideration except that if this was done that they would then put the men who were associated with

the National, like Dr. Sabin and Dr. Leonard, and the few men that had either been expelled or resigned, on a probationary period and within a certain time they would reinstate them in the Medical Society. I told him, thanked him for his interest—just a moment. There was another consideration. He stated he realized that Mr. Page and I had devoted a great deal of time to this and we probably were well-informed on the medical and hospital insurance work and they probably could use us and suggested that we be, would be, taken care of if the business was turned
469 over to them. Now, that is about the gist of the evening's conversation.

The Court: What year was that? I didn't catch the time.

A. Your Honor, I think it was '41. I don't remember.

Mr. Jaureguy: I think Mr. Marcus told him it was in '45, didn't you, Mr. Marcus?

Mr. Marcus: No. I said about 1940 or '41.

The Court: And the other doctor was Dr. Rockey?

A. Dr. Robinson.

The Court: Robinson.

A. He was pathologist at that time at the St. Vincent's Hospital.

Mr. Marcus:

Q. Now, Mr. Bechtold, you mentioned Dr. Sabin's name. Was he connected with the Association? A. Yes.

Q. In what capacity? A. He had been vice president, and at that time I think he was president. He succeeded Dr. Slocum, on Dr. Slocum's death.

The Court: Which Sabin? You better put his initials in.

A. Dr. C. G. Sabin.

Mr. Marcus:

Q. And is he still alive? A. No, Dr. Sabin was killed in Illinois in that accident last December.

470 The Court: Was that the accident Dr. Coffey also—

A. No, that was the automobile accident.

The Court: Oh, he was killed in the East.

A. He was killed back there at the dog trials for Springer Spaniels.

The Court: Oh, yes.

Mr. Marcus:

Q. Was Dr. Applewhite associated with the National Hospital Association? A. Yes.

Q. And Dr. Goffin? A. Yes.

Q. Dr. Suckow? A. Suckow.

Q. Is the answer Yes? A. Yes.

Q. Dr. Leonard? A. Yes.

Q. I wonder if you could give the first names of these doctors, going back to Applewhite? A. Dr. J. A. Applewhite.

Q. Goffin? A. Octave.

Q. Leonard? A. Dr. J. D. Leonard, and Dr. George Suekow.

Q. Was there a Dr. Tharaldsen associated with the—

A. Yes, he was.

471 Q. What was his first name? A. Thorfinn Tharaldsen.

Mr. Marcus: At this point, your Honor, I would like to read another exhibit which does have, I think, some significance. It is Exhibit 1347. It is a letter from the State Industrial Accident Commission dated November 26, 1938 to the National Hospital Association, and this is what it states: "We are in receipt of a letter from doctors in the Medford district in which they serve notice on this department that on and after January 1, 1939, they will not accept payment from any lay hospital association for services rendered, but will expect to look direct to this department for payment for accident cases. Before replying to this letter we desire to inquire as to whether or not you have representatives in the Medford district who will handle your work for you and who will not be a party to the agreement that exists between the doctors in that district with respect to treating for hospital associations."

Q. Mr. Bechtold, I show you Exhibit 34 and ask you to look at the signature at the bottom of the letter. Do you know who Lotus Eaton is? A. Yes.

Q. Who is she? A. She is a R. N. At the present

472 time she is in the first-aid station of the Timber Products Company in Medford. She was in a contingent overseas during the entire war.

Q. I show you Exhibit 37 and ask whether this is one of the Association's forms which has been filled in. A. Yes, it is.

Q. I show you Exhibit 64 and ask whether you know who wrote this letter. A. Yes, I do.

Q. And who did? A. Dr. Tharaldsen.

Mr. Marcus: Your Honor, at this time I would like to request that the defendants turn over to us the transcript of the disciplinary proceedings against Dr. Tharaldsen.

Mr. Jaureguy: You won't get it now, because we don't have it—I don't mean the defendants don't have it, but they haven't it here.

The Court: You will bring it next Tuesday if you have it?

Mr. Jaureguy: If we have it, we will bring it, at your Honor's direction, next Tuesday.

Mr. Marcus: I show you Exhibits 1348, 1349, 1350 and 1351 and ask whether the dates stamped at the top of these letters is the date of receipt by the Association.

A. That is the stamp we were using at that time, yes.

473 Q. I show you Exhibit 1352 and call your attention to the handwriting on the lower left-hand corner of this document, and ask you whether that is your handwriting? A. That is my handwriting.

Q. I show you document marked Exhibit 1368 and ask you to look at the last paragraph on the first page and state whether you know who the George Montgomery was who is referred to in that paragraph. A. Yes.

Q. Who was he? A. He was a representative either of the Oregon Physicians' Service or the predecessor of the Oregon Physicians' Service. I don't remember at this date, but I think probably it was the predecessor.

Q. I show you a document marked Exhibit 1383 and ask you whether you know who the Edwin O. McKeen is whose name appears at the bottom of that document? A. He is the District Representative for the National Hospital Association at Medford.

Q. I show you Exhibit 1384 and ask whether, after the Association received that memorandum, they lost the Walling account? A. Yes, we did.

Q. I show you Exhibit 1398 and I call your attention to the bottom part of that exhibit and ask whether you saw the enclosure referred to? A. My recollection is I

474 did, but I am not positive.

Q. I show you Exhibit 1393 and ask you to look at

the bottom of the second page, and the same with respect to the following exhibits: 1411, 1410, 1400, and 1401, and ask you what is meant by the statement appearing at the bottom of those exhibits?

Mr. Jaureguy: I wonder if I could see the exhibit before I decide whether to object or not? No objection. Do you want them back Mr. Bechtold?

A. Yes, I would like to have them back.

Mr. Marcus:

Q. Do those statements indicate what was paid to those doctors in that time? A. Yes.

Mr. Jaureguy: You mean what wasn't paid to them?

Mr. Marcus:

Q. Mr. Bechtold, I show you Exhibit 1434 and ask you whether the material which appears below the signature on this document was on the letter at the time it was received by the National? A. May I have that question?

Q. I asked you whether what appears below the signature upon that letter was upon it at the time it was received by National? A. Yes, it was.

Q. Mr. Bechtold, during the past year did the Association lose the Ruff & Ready Lumber account because of difficulties had with doctors?

Mr. Jaureguy: Object to that as calling for a conclusion of the witness.

475 The Court: Answer.

A. Yes, we did.

Mr. Marcus: That is all.

Cross Examination

By Mr. Jaureguy:

Q. Dr. Bechtold, when you— A. Be careful. I don't like that.

Q. Not Doctor. I am calling a lawyer a doctor. A. I take exception to that.

Q. When you told what your business was, you said you were in the prepaid medical and hospital insurance business? A. Yes.

Q. I think I heard a little accent on the word "insurance," but I don't know. Do you make any distinction between

medical insurance and prepaid medical care contracts? A. Well, Mr. Jaureguy, they call this business by all kinds of different terms. One time they may call it "medical insurance," sometimes "prepaid medical and hospital insurance," and sometimes "medical and hospital care." It all means the same thing.

Q. In your mind do you make a distinction between medical insurance contracts and prepaid medical care contracts? A. No, I don't.

Q. They are all the same? A. I think it is all insurance.

All insurance? A. I think so, regardless of the
476 name.

Q. Would you say that these contracts that you have in force now are medical care contracts or insurance, indemnity insurance against medical bills? A. It depends entirely on how you look at it.

Q. How do you look at it? A. It provides for medical care and hospital care. It is a method of providing it.

Q. A method of what? A. Providing medical and hospital care and ambulance and whatever is required.

Q. I think I asked you this on a deposition, and you were not sure. How long has it been since your contracts provided that the member could choose a physician of his own choice?

Mr. Marcus: The contracts are in evidence. That is the best evidence.

The Court: Answer the question.

A. I don't recall how long the contracts themselves have provided that. However, in practice that has been going on for many years.

Mr. Jaureguy:

Q. At one time you had seven or eight or more doctors on a salary working for the Association? A. Yes, we did.

Q. That is correct, isn't it? A. We did.

477 Q. How long has that ceased? A. I couldn't answer that as to the date. Your Honor, may I explain myself here?

The Court: Yes.

A. It has been an evolution. There was a time when these doctors were on a salary and were taking care of a large per cent of the work.

Mr. Jaureguy:

Q. Taking care of what? A. Taking care of a large per cent of the work in this district. However, on the outlying districts that was not the case. Then, gradually the plan gave way to permitting the members to select any doctor they wished. The exact dates I don't remember. I could obtain them for you.

Q. Then, even in some of the smaller places where you did not have doctors on salaries, you did have a small group of doctors that you designated to handle your accounts? I mean in the old days? A. Well, that would be pretty ancient.

Q. Pretty ancient? A. Yes.

Q. By that you mean it goes back before 1940? A. Oh, yes.

Q. Before 1936? A. Yes.

Q. But now everybody has the doctor that he
478 wants? A. Any doctor he wishes to select.

Q. I understood this morning, and also this afternoon, that you were complaining that the doctors were not cooperating. That is correct, isn't it? A. Yes, that is true.

Q. Now, a person who is entitled to the benefits of your contract is called a member? A. That is right.

Q. A member goes to a physician of his own choice, and what do you think the physician ought to do in order to cooperate? A. The first thing, I think he should provide honest service to the patient or to the member. It is our member and his patient.

Q. That is, he should give the same type of treatment to your member that he gives to his patients who are not your members? A. That is right. Secondly, I think he should cooperate with patients in helping them to obtain the benefits of whatever plan the patients have seen fit to elect for themselves, to relieve themselves of the burden or expense of sickness or, I might say, to make it possible to obtain medical and hospital care which so many are unable to obtain without this class of protection.

Q. When the member goes to the doctor for services, you recognize he is the doctor's patient, I assume?
479 A. We do.

Q. The doctor's patient? A. Yes.

Q. Do you think the doctor should always ask all the patients to come in whether they have a ticket with National? A. No, we do not.

Q. Would it be possible for a doctor to cooperate with

the National without ever knowing that the man had a ticket? A. Yes, I think it would, as soon as he learned it.

Q. As soon as he learned what? A. Learned that the man was a member of the National Hospital Association.

Q. The question I am asking you is: Would it be possible for a doctor to cooperate with National without ever knowing that the patient was a member of the National Hospital Association? A. No, I don't think it would be.

Q. It would not be? A. Not if he didn't know it, he couldn't possible do it.

Q. If he sends the patient an itemized bill, without knowing that he has a ticket, will the patient have difficulty in obtaining reimbursement? A. No, not if the bill is properly itemized, he wouldn't; no.

Q. So it is possible for a doctor to cooperate with National without ever knowing that the member has a ticket? A. That is right, and I believe it is also possible for a doctor to get his money from us without even knowing it.

480 Q. If a patient calls up a doctor and says, "I have got some kind of insurance policy. I don't know whom it is with or by or what, but could you send me an itemized statement?" And the doctor sends him an itemized statement, that is cooperation with National? A. Yes.

Q. So, now, it is a matter of indifference to you, isn't it, whether the doctor accepts the ticket and sends in a bill or whether the member sends in the bill and obtains the check? A. I would say if the doctor rendered services to the member and gave him the information that was required on his bill, it would make no difference to us.

Q. Make no difference to you? A. That is right.

Q. Then it follows from that, I take it, Mr. Bechtold, that at least some doctors who do not take tickets do cooperate with the National Hospital Association? A. If you define it that way, I presume that is true.

Q. No, I wasn't defining it. I was asking you to define it. A. Well, if I define it, I would say that any doctor who rendered honest service to the patient and would cooperate with his patient by giving the patient whatever information was necessary to obtain the benefits from whatever plan of insurance or prepaid care, or whatever you wish to call it, whatever it required, would be cooperation.

481 Q. Would be cooperation with your organization? A. That is right.

Q. Even though he never saw the ticket? A. That is very true.

Q. And even though he never saw your check? A. Yes, that would be very true.

Q. But if the patient calls up the doctor and says, "Give me an itemized statement," and the doctor says, "No, I can't or won't give you one," then he is not cooperating with you? A. I would not think so, no.

Q. There is no provision in your contract for the patient to pay the doctor for the report he makes or whatever he gives the patient? A. No, not in our contract.

Q. Have you ever seen the Eagles' contract? A. No, I have not.

Q. It has been offered in evidence, and it has a provision that the patient has to pay the doctor a dollar whenever he gets a report from the doctor. A. I think that is something recent, isn't it, Mr. Jaureguy?

Q. I don't know. I haven't studied the history of the Eagles' contract. A. May I interpose this, your Honor?

The Court: Yes.

Mr. Jaureguy:

Q. Go ahead. A. It is only recently that we find
482 doctors are requesting to be paid for reports, and then only a comparatively few. Doctors have always felt well rewarded when they are able to collect their money from the insurance companies and were willing to make it to provide any information that the patient requires.

Q. And that recent movement on the part of some
483 doctors, as you say, that they ought to be compensated for making reports, that attitude by them is toward all insurance companies, isn't it? A. I don't know anything about the experience of insurance companies.

Q. Now, you know that some of the Eastern insurance companies, large insurance companies, like the Travelers, the Aetna, the Continental Casualty Company, and the Metropolitan, they have insurance policies that provide for reimbursement for doctors' bills? You know that, I take it? A. Yes.

Mr. Marcus: An objection on the ground it is outside the scope of the direct examination and calling for a conclusion.

The Court: Overruled. The answer may stand.

Mr. Jaureguy:

Q. How is their method of operation generally different from your method of operation? A. Mr. Jaureguy, I don't

know how they operate, except I had lunch today with an insurance man, a man whom I had never met before, and we introduced ourselves, and he was telling me of their difficulties with the doctors.

Q. Will you give me his name? A. Yes, I can give it to you. He gave me his card.

Q. Beg pardon? A. He gave me his card. His name is J. Richard Ward.

484 Q. J. Richard Ward? A. That is right. He said they were having some difficulty. He didn't mention anything about reports. He said their difficulty was—

Q. Well, I don't care for that part, because, if you paid attention, I didn't ask you about that. I asked you how your method of operation differed from their method of operation. A. Well, I don't know how they operate.

Q. These medical supplies and equipment that you have brought into Oregon, do you have a drug department, or something, that dispenses those? A. We have a stockroom department, yes, and we also have a pharmacy.

Q. Your contracts generally do not provide that members get drugs as part of their contract rights, do they? A. The contracts provide for first-aid supplies in industries.

Q. That is, you ship them to the industry for the purpose of somebody there using them in first aid? A. That is right.

Q. And then you have a drug department that sells drugs; is that it? A. That is right.

Q. Did I understand you properly this morning that there were some doctors that discriminated against National members by requiring them to pay cash right on the line when they got treatment where they didn't do

485 that to athers? A. I don't think I made that statement.

Q. Well, I wasn't sure about that. You don't claim that it has come to your attention that any doctors discriminated against those of their patients that were your members by requiring them to pay in advance, or anything of that kind? A. Yes, I think they have.

Q. You think they have? A. Yes.

Q. Can you give me the names of some of them that have? A. Well, Mr. Jaureguy, I could not give you the names, but it very definitely has happened. I can get the names for you if you wish them.

Q. In any particular part of the state? A. In these districts where the doctors have combined.

Q. If you could give me counties and cities, it would mean a little more, I think, to me. A. Well, sometimes it is more than a city itself. It is Jackson County, Josephine, Douglas, Marion, Clatsop, Columbia—there was Washington.

Q. You think you can get me the names and addresses of those that have discriminated against your members by requiring men to pay cash in advance? A. I can give you instances, yes.

Q. Yes. I wish you would do that, because I would
486 like to have it. Would you do that? A. I will try to.

Q. Yes. A. I might say in connection with that, Mr. Jaureguy, that that practice is not so frequent recently. It was quite usual several years ago.

Q. About how many? A. Well, I don't know just how many. It came to our attention many times, like the case you mentioned here a little while ago that was taken up to the Legislature.

Q. I didn't mention it. I am going to mention it. A. Oh, didn't you?

Mr. Marcus: He did first and then I did.

A. But the last few months there has been very little of it.

Mr. Jaureguy: The last few what?

A. Months.

Q. What about the last few years? A. Well, it has been gradually declining, I think, the last year anyway.

Q. You got this information from the doctors or from the patients? A. From the patients, usually.

Q. From the patients? A. That is right.

Q. Do you think they ever exaggerated? A. Oh,
487 I think we all do once in a while, even lawyers.

Q. Now, this itemized statement that you say the doctor should give to cooperate, and if he does give it it is just as cooperative as taking a ticket, what should be on that itemized statement in order to cooperate, fully cooperate? A. The patient's correct name, the name of his employer if he is under a group contract, the patient's address, if he has it, the condition for which the patient was treated and an itemization of the service rendered.

Q. I take it if the bill is sent to the patient and his name is spelled wrong, why, he could take care of that all right? A. Well, we do have some difficulty with that because of similarity of names.

Q. Yes, I understand. But, then, you think it is very important that when the patient goes into the doctor's office the doctor should always be sure he gets his name spelled right? A. Well, I would think the same as any mercantile house, if you expect to charge an account you would have to get the proper name.

Q. Then the proper address; if he doesn't get that right, the member doesn't have any trouble—the member ought to know that as well as the doctor, I suppose, shouldn't they? A. You would be surprised. Some of them don't.

Q. Some of them don't. Then do you mean to say that you think doctors in order to cooperate with the National should make an independent investigation of the patient's address? A. Well, Mr. Jaureguy, they usually are very happy to do that under certain circumstances.

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Q. Yes, they are sometimes happy to do it, but I am asking whether you think they are not cooperating unless they do make an independent investigation of the patient's address? A. No, not necessarily. If you had the name of the patient and the employer, probably, we could get along without the address.

Q. But you do think that if the doctor is going to cooperate with you and his patient calls him up and says, "I want an itemized bill," then the doctor should say, "Well, I want your name right, and be sure you give me your address right, and I want the correct name of your employer to put it on"? A. Well, I think as far as we are concerned it wouldn't make much difference except to delay the adjustment of the claim. I think so far as the doctor is concerned many times it would make a lot of difference.

Q. Yes, but I mean as far as your company is concerned? A. It wouldn't make much difference.

Q. It wouldn't make much difference? A. It would delay the account.

Q. But you do think they ought to do it anyway, the doctors ought to do it? A. I think as a matter of just ordinary business they would do it.

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Q. I am not asking you that. I mean as far as their moral obligation to the National Hospital Association that they ought to get those details right on their itemized statement? A. No, I think just as a matter of practice it is being done.

Q. I want to be sure you understand the question. The question is what you think the doctors ought to do in order

to cooperate with the National? A. Well, just to cooperate with the patient, give him full cooperation.

Q. Yes. A. Then they are cooperating with us.

Q. Now, the correct name and address, you were just stating what a doctor ought to do if he took care of his own business, and I am asking what he ought to do in order to fulfill his obligation to the National to cooperate with it. A. Well, all he would have to do is just give full cooperation to his patient.

Q. Just give full cooperation to his patient? A. Give full cooperation to his patient.

Q. Then you want an itemized statement? A. By giving full cooperation to his patient he would cooperate with us.

Q. But that includes an itemized statement? A. Beg pardon?

Q. That includes an itemized statement? A. Yes, sure.

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Q. How far do you want him to itemize it? A. Well that would depend entirely on the case, Mr. Jaureguy. If it is a minor case, like a cold, just say "Cold, one office call." That would be all there would be to it. If it was a complicated case where there were extensive examinations, x-rays and laboratory work, that should be listed.

Q. You mean say "Six x-rays"? A. Yes, that is right.

Q. And that the laboratory took such and such a test? A. Blood count, urinalysis, those things are listed.

Q. You mean he should give the result of the blood count? A. No, no. He should say that there was a blood count taken.

Q. That there was a blood count. If he states that there was a blood count and a urinalysis and a metabolism test, that would be sufficient, would it? A. That is right.

Q. From that, then, if you got a statement from one of your members in which his name and address was right, the name of the employer was right, and it gave a date on which the doctor's name that was on there had given a urinalysis and blood count, with the amount he was charging for this, and a metabolism test, that would be sufficient? A. Yes.

Q. Now, you were asked about nine counties in Oregon, and I think you were asked whether or not the doctors were cooperating in those counties. I don't know whether

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you were asked whether they were cooperating or whether they were taking tickets. When you answered about those nine counties, was you answer with

relation to whether they were taking tickets or with relation to whether they were cooperating? A. I don't recall. Probably the question would disclose that. I don't recall.

Q. Well, you said Clackamas County. What about Clackamas County? Did you mean to say they are not taking tickets, or did you mean to say they are not cooperating? A. I think both would apply there. They are not taking tickets or they are not cooperating.

Q. Dr. McLean is not giving itemized statements? A. I haven't seen a bill from Dr. McLean for a long while.

Q. You know Dr. McLean, of course, at Oregon City? A. Yes, very well.

Q. I will ask you whether at the time your deposition was taken—you remember that occasion? A. Very well, the occasion.

Q. —if you were not asked the following question and gave the following answer, page 32: "You have never had any trouble with Dr. McLean refusing to give you such information as necessary for you to determine a bill? Answer: I don't think we have." A. Well, I don't think we have, Mr. Jaureguy, I don't think we have.

492 Q. So you made that statement on May 19th of this year? A. Neither do I wish to give the impression that all doctors are refusing to give itemized statements. I don't mean to say that.

Q. Lots of them do, don't they? A. More recently they are. Recently there are more and more giving itemized statements, particularly the last year.

Q. Well, at no time did Dr. McLean ever refuse to give an itemized statement, did he? A. Mr. Jaureguy, I don't know. I don't think he would, because Dr. McLean is a very high type man. I don't think that he would refuse to cooperate with the patient. I don't think he would. I have a lot of respect for Dr. McLean.

Q. I will say, as far as you know, at no time has Dr. McLean refused to cooperate with the National Hospital Association, either by taking a ticket or by giving an itemized statement, one or the other?

Mr. Marcus: That is not what he said.

Mr. Jaureguy: I am asking him.

The Witness: What is your question?

Mr. Jaureguy: Now, I want to ask you if it is not true that at no time in your relations with Dr. McLean has he ever refused to cooperate with the National Hospital Association in one of the two methods that you have described,

either by sending you the ticket or by giving the
493 patient an itemized statement?

A. Mr. Jaureguy, we have thousands of claims come in our office. It would be impossible for me to recall that. I would be very happy to look that up for you, if you wish, but I can't recall it.

Q. Now, when you testified this morning about the defendants in this case not cooperating, did you look that up specially before you came here? A. What?

Q. You testified this morning about the defendants in this case. They were named off to you. A. Yes.

Q. Do you remember that, Gordon, Leitch, Brennan— A. Yes, I do, yes.

Q. Did you look that up specially to be prepared to come and testify about it? A. Oh, no, Mr. Jaureguy. When I got back to my office I had so much work to do I didn't think about it until I got back here.

Q. When you got back to your office? A. For lunch.

Q. I am speaking about before you went to lunch, Mr. Bechtold. You testified about whether those individual defendants, those doctors were cooperating with the National Hospital Association.

Mr. Marcus: He testified whether or not they ac-
494 cepted tickets.

Mr. Jaureguy:

Q. Did you look that up specially to come here and testify about it? A. When do you mean?

Q. This morning. You testified —A. The question wasn't asked until before lunch. I didn't have a chance before lunch.

Q. I mean before you came here or last week did you look it up? A. No, no.

Q. Was that information you had in your head? A. Yes, that is true.

Q. Without looking it up? A. Yes, that is right.

Q. But you can't tell me whether Dr. McLean at all times has cooperated in one of the two ways that you have described, either by giving you a ticket or by accepting a ticket, or by giving the patient an itemized statement? A. No, Mr. Jaureguy, I could not in that detail. I could not. I would kind of like to believe that he was cooperating with the patients at all times.

Q. You have no reason to believe that you made a mistake when last May you were asked this question: "You have

never had any trouble with Dr. McLean refusing to give you such information as necessary for you to determine the bill?" And your answer was: I don't think we have."

495 A. I still say that. I don't think we have, but you are asking me specifically, and I say I can't tell you specifically.

Q. All right. Now, these counties, you talked about nine of them this morning. What about the other twenty-seven? A. Does that make our thirty-six?

Q. That would make thirty-six in all. A. What do you want to know?

Q. Ever since Hood River was admitted. A. What do you wish to know about those?

Q. Are they as bad or better or worse than the nine that you talked about this morning? A. I didn't know the others were involved at all.

Q. What do you mean, you didn't know they were involved? A. I didn't know they were involved. I just thought these nine counties were involved.

Q. In this lawsuit? A. Yes.

Q. All the doctors and all the hospital associations are involved, apparently? A. Apparently.

Q. Well, about the other twenty-seven, have you had any trouble in recent years with the other twenty-seven? A. No, we haven't had a great deal of trouble in the other twenty-seven.

Q. In Washington County in recent years you
496 haven't had any trouble? A. Not within the last two years.

Q. In Wasco County you haven't had any trouble in the last few years? A. What is the county seat of Wasco? Moro?

Q. The Dalles. A. Oh, The Dalles. No.

Q. Moro is the county seat of Sherman County. A. There isn't a doctor there, is there?

Q. About three lawyers and probably a doctor or two. And Linn County, you haven't had any trouble there for the last few years? A. Let's see, I am figuring what other towns—

Q. Albany is the county seat. A. Albany, Sweet Home, Lebanon—no, I don't believe we have had any difficulty.

Q. And Klamath County? A. That is a question. I can't answer that. I really don't know. There has been some difficulty at Klamath County.

Q. In past years? A. Yes, we have had in past years.

Q. But in recent years you have not?

Mr. Marcus: Is Mr. Jaureguy testifying?

Mr. Jaureguy: I am trying to; doing the best I can.

Mr. Marcus: I know you are trying to.

The Witness: Well, Mr. Jaureguy, I really don't know. I think some of the doctors down there—as I re-
497 member, in Klamath County they are kind of a group by themselves down there, independent of everybody. They are a pretty nice bunch of fellows, too.

Q. Well, without listing all the counties, can you tell us any other of the twenty-three counties in the state where you have had any trouble recently, I mean in the last three or four or five years? A. I would say there have been spots, but I couldn't identify them now.

Q. What about Umatilla County? Did you ever have any— A. That is Pendleton, isn't it?

Q. That is Pendleton. A. There has been an effort there; that is right.

Q. In the last five years do you know of any case where any doctor has actually refused even to take a ticket? A. I am not sure. You were talking about Dr. Brennan. I think probably he has; I am not sure.

Q. You think probably he has? A. I think so.

Q. But has he coerced anybody else not to take tickets there? A. Well, I wasn't there. I think probably if you knew the facts, he tried to.

Q. You say Dr. Brennan has refused to take tickets? A. Well, I think probably an investigation would
498 show—

Q. Probably it would? A. I think it would. Oh, yes. I believe I could say that is true, he has. I would want to look that up. If you care to have me, I would be glad to.

Q. Why didn't you tell Mr. Marcus you wanted to look it up?

Mr. Marcus: Mr. Bechtold didn't say he wanted to look it up. He said he would be glad to look it up if you wanted him to.

The Witness: I want to accommodate you, Mr. Jaureguy.

Mr. Jaureguy:

Q. Now, you are not sure about John Brennan? A. I believe I am pretty sure, but I will tell you; I will get the information.

Q. What is that? A. I will look it up for you.

Q. You have enough doubt so you think you had better check on it; is that it? A. I think so.

Q. Yes. This morning you seemed to be pretty sure, though, didn't you? A. Was that question asked this morning about Mr. Brennan?

Q. Oh, yes. John Brennan was one of them. A.
499 I don't remember.

Mr. Jaureguy:

Q. What about Dr. Hunt in Eugene? Has he ever had occasion to refuse to take a ticket? A. I told you about my experience with Dr. Hunt.

Q. Yes. I am coming to that soon. Now, Dr. Hunt, you know, deals almost entirely in obstetrics. A. I don't think he has—

Q. And up to a year or so ago I don't think obstetrics was covered in your contracts. A. It isn't now in our group contracts.

Q. It isn't now. So you don't know whether Dr. Hunt in Eugene has ever had occasion to refuse to take your tickets? A. I wouldn't know, Mr. Jaureguy.

Q. So you wouldn't want to say, therefore, that Dr. Hunt of Eugene has ever refused to take a ticket? A. I think in my answer this morning, I think I told you I couldn't answer that.

Q. You are right, Mr. Bechtold; you are right. But the other defendants you are sure about? A. Yes; yes, sir.

Q. And you are sure that in each case they have refused to take a ticket? A. Well, I can't identify the cases. As I review them—

The Court: We will have the afternoon recess.

(Short recess.)

Mr. Jaureguy:

Q. We were talking a little while ago about Dr.
500 Hunt of Eugene. You remember he was President of the State Society about 1940? A. Yes, I think he was.

Q. And do you recall that at that time he went to bat for you to try to get your form of contract then in force approved by the Council of the State Medical Society? A. No. That is news to me. I am very glad to know that.

Q. Oh. Well, what did he do for you, if anything? A. He extended me an invitation to appear before the Council. I

felt very flattered, because it was the only time I was ever given that courtesy.

Q. That is, of being invited? A. Yes, sir.

Q. You are not suggesting that at some other time you asked to be present and they turned you down, or anything of that kind? A. Well, I have always felt that it might have been to the advantage of everybody, that situatons like this could have been avoided, if the Medical Society, the Society or the officers of the Society, had have entertained the same view that Dr. Hunt did when I spoke with him at the time he invited me.

Q. And what view did he entertain when you spoke with him? A. Well, I met him in his office in Eugene. I called on him. And he was very courteous, told me he appreciated my coming and said that he was—didn't know much
501 about the controversy that was existing, but he wanted to learn more about it, and asked for my views, and I told him. As I expressed my views, he says, "Well, Bechtold, I think the Society should know how you feel about that," and he said, "Would you care to attend the meeting?" and I said I would be very happy to.

Q. And did you? A. He said, "I am President of the Society," and he said, "I am extending you an invitation to attend the meeting." I believe it was the following Saturday or two weeks, two weeks later, and he said, "We are going to have a meeting in Portland of the State Council and I would like to have you present," and I felt very pleased about it, and a short while later I got a letter from the Secretary—

Q. You related that before. A. The Judge didn't hear it.

Q. But I want to get to the point. You did attend a meeting, then? You did attend a meeting? A. Yes, I attended the meeting.

Q. And you were courteously received. A. Very courteously received.

Q. And you explained what your contract was, or at least you made a speech or talked to him? A. Well, frankly, I was so flabbergasted at my reception I was kind of taken aback. I don't remember what all transpired. I know
502 that we discussed some of the problems that were confronting the Associations, and there was some objections to it, but after the meeting I got some calls from some of the doctors and they complimented me on what had been said.

Q. You mean some of the doctors that were present at the meeting? A. Present at the meeting, that is right. They said they had learned something they never knew about before.

Q. Now, Tom Watts was once President of the Society. Did he cooperate with the Association? A. Yes, Tom Watts was very cooperative.

Q. Very cooperative? A. Yes.

Q. Right up to the time he retired? A. Well, he was ill for—

Q. Well, I mean at the time he was active. A. Yes. He was never—

Q. And Banner Brooke he cooperated up to the time he retired, didn't he? A. Not at the time he retired, no.

Q. Not at the time he retired, didn't cooperate at all for a while? A. I don't know when Banner retired, and I know there was a certain time that we were notified he could no longer—

Q. I know you were notified, but after the notification did he later cooperate with you? A. I don't
503 know how long he practiced after that.

Q. Well, do you know whether even after the notification he continued to cooperate with you? A. Mr. Jaureguy, I don't remember what happened. So many things happened. All I know is we received a notice from him that he was unable to do so.

Q. Now, I want to get back to another thing. This doctor whom you have been describing to us, what different methods by which a doctor in fairness to his patient and in fulfillment of what you think you would like to have him do for the National, how he cooperates, is it necessary in order to cooperate to send you the X-rays that he has had taken? A. The X-ray films?

Q. Yes. A. Not always. At times it is, yes.

Q. Sometimes it is necessary for him to do that? A. Yes.

Q. And so you would list among those who don't cooperate the doctors who don't send you the X-ray films? A. I don't follow you.

Q. You would say, then, that if you requested the X-ray films and the doctor didn't send you the X-ray films, you would say that he wasn't cooperating with you? A. Well, I would say this: If an X-ray was required for any
504 special purpose and he refused to give that X-ray to his patient to enable his patient to establish his claim with us, he wouldn't be cooperative.

Q. Well, what does the X-ray have to do with it for you determining whether you are going to reimburse the patient? A. Well, Mr. Jaureguy, it has a lot to do with it. There are times when patients are referred to specialists and the specialists require the X-ray for a follow-up; and there are times, too, when there is a multitude of X-rays taken that seems to the medical people in our office who review the bills on those occasions to be unusual, and we ask to see the X-ray films to see the purpose of it and the condition of the films, and you will be surprised to see many times a film will come in that it is so black you can't see through it. Now, in a case like that, of course, we don't feel that the film should be paid for. There are many reasons why you want to see the X-ray films. It don't happen very often, but—

Q. And if you think there are too many of them and you shouldn't pay for all of them, then you have them sent in? A. It depends entirely on the case. There is no way of telling.

Q. I mean sometimes it happens? A. It is very rarely you ask for the X-ray films. Occasionally you do.

Q. If the X-ray film is for the purpose of sending it to a specialist, what has the National got to do with
505 that? A. We would ask the patient to have his X-ray, or bring his X-ray, with him when he goes to the specialist.

Q. Well, I can see where he would take the X-rays to the specialist, but I don't understand why he should take the X-rays to the National Hospital Association. A. Well, frequently those men will come in from the country and they will stop at our offices before they go to the doctor's, the specialist's, office, or the specialist may say that if that man is coming in to ask him to bring the X-rays he had taken at such-and-such a place and ask him to bring them in.

Q. That, however, has nothing to do with reimbursing the patient for bills he is incurring? A. No. You asked for the various reasons, and I was giving you one.

Q. Then, do you think it is necessary for the doctor in order to, for his patient to secure reimbursement, to give a diagnosis of the patient's condition? A. Yes, that is very necessary.

Q. Very necessary. In all cases? A. Well, we have to know what the patient has been treated for.

Q. Beg pardon? A. Yes, we have to know what he is being treated for. We have to know what he is being treated for or what the operation is.

Q. So you want a diagnosis, too? A. Yes.

506 Q. A lengthy one or just— A. That depends on the case, again. Sometimes a very simple one suffices.

Q. A fracture of the femur? A. If it is a complicated case; or if it is a simple fracture, okeh; a compound fracture, we want that; a compound comminuted, we want that.

Q. Why do you need to know that? A. Because that is where we have difficulties on the injury. If there is a simple fracture, the fee is less than it is in a compound fracture.

Q. What is your fee for a simple fracture, do you remember? A. I don't know. They vary. I wouldn't know. There is a schedule for that.

Q. You do not try to influence doctors as to the fees they will charge the patient? A. No.

Q. In fact, you so advise doctors, that you are not trying to influence their fees? A. That is right. We don't care. That is their business.

Q. So, the doctor on his bill will suggest such fees as he thinks are proper for the particular service he has rendered, ordinarily? A. Yes.

507 Q. I think I saw you nod your head, but I didn't hear what you said. A. What is that question?

Q. I say, the doctor normally, in this bill he sends the patient, will state such an amount for his fees as he thinks is appropriate under the circumstances? A. Well, I would say that most doctors do that, but I think there are some doctors set fees they know are not appropriate and not proper.

Q. I am talking of this ideal situation. Most doctors do that, in other words. They set the fees that they think are proper? A. Most doctors are very fair in their charges and their fees are proper.

Q. That fee might be a fee which happens to coincide with your schedule, or it might not be? A. Yes, sir; true.

Q. Do you think if the fee happens to be more than your schedule, do you think there might be a little straining on the patient-doctor relationship, when the patient gets paid by you and says, "Well, I have got some more I have got to pay my doctor"?

Mr. Marcus: Objected to as calling for a conclusion of the witness.

The Court: Overruled.

508 A. I couldn't answer that. It depends on the individual patient. I think in some cases it might cause a strained relationship between the patient and the doctor.

In other cases I know of where patients have said, "Well, I expect to pay; perfectly all right."

Mr. Jaureguy:

Q. In cases where it does cause a strained relationship you do not have any suggestions to offer the doctors to ease the situation, do you? A. Well, we consider that would be the business between the patient and his doctor.

Q. Who is it that examines diagnoses that come in for the purpose of determining whether the patient is entitled to reimbursement?

Mr. Marcus: I object on the ground of irrelevance and outside the scope of the direct examination.

A. Will you repeat that question?

Mr. Jaureguy: Yes.

Q. When this itemized statement of the diagnosis comes to your office, who is it that examines the diagnosis for the purpose of determining whether the patient is entitled to reimbursement? A. Well, we don't examine diagnoses to see whether a patient is entitled to reimbursement, but we do have to know the diagnosis, to know what fees shall apply to the particular condition.

For example, you speak of a simple fracture. We have to know whether it is a simple fracture or a com-
509 pound fracture.

Q. You have some cases where you pay if the patient receives his condition by reason of his employment, don't you? A. You mean compensation cases?

Q. Yes. A. Yes, we do.

Q. It comes in and there is a diagnosis that he had yellow jaundice or silicosis. Who determines whether that is something that is to be paid or not? A. The State Industrial Accident Commission or the insurance company, as the case may be.

Q. You send it on to the State Industrial Accident Commission? A. No. We would communicate with them and, if it is one of their cases and we have contracted to take care of it, that is our responsibility.

Q. But if it is not one of their cases and you have not contracted to take care of it— A. Then it would not be our responsibility.

Q. Then the patient would not get reimbursement? A. Not in a case like that.

Q. What happened in that type of case if the doctor took a ticket and then said, "Okeh, I will send it in to the National," and he sends it in to the National and that is one of these types of cases, yellow jaundice or silicosis or something, and then you find the patient is not covered? What happens? A. Not covered by the compensa-
510 tion insurance?

Q. By the compensation insurance or, broadly, is not covered by your policy or by your contract? A. Well, Mr. Jaureguy, that has been one of our problems. Occasionally a ticket will be issued to a person who is not entitled to it, and we feel quite indebted to the doctor and hospital in cases of that character, and we have paid bills rather than turn down the ticket.

We feel if the doctor accepted it in good faith that he is not at fault, and we then complain to the employer who issued these tickets and we try to recover from the employers, but we haven't been able to do it.

Q. You say you have done that? A. Yes, we have.

Q. There are hundreds and hundreds of times in the last thirteen years when you have not done that, too? A. I wouldn't say that.

Q. How? A. I don't think there are that many tickets that are erroneously issued. If there are, maybe that accounts for some of our problems.

Q. Yes, but there are many times when you have informed the doctor under those cimcumstances that you have found the man, notwithstanding the fact he had a ticket, was not covered for some reason? A. That has happened.
511 Q. And you have told the doctor you will not or cannot pay it? A. I have.

Q. That he has to look to his patient? A. I think that has happened, yes.

Q. Happened many times, hasn't it? A. Yes.

Q. Happened to Dr. McLean, hasn't it? A. I wouldn't know that, no. I would like to know that. If it has happened to him, I would make good to Dr. McLean now.

Q. I beg your pardon? A. If that has happened to him, I would make good to Dr. McLean now.

Q. We will maybe send you a bill, then. A. All right. That is fine. I will pay it.

Q. Then there have at least been cases when you or your office—I say "you"; I mean your office or somebody in your office—there have been many times when you have felt that the patient was just getting a little bit too much medical

care for the condition he was in? A. I don't know when that happened.

Q. What is that? A. I don't think that happened.

Q. You don't think that ever happened? A. I don't think so.

512 Q. You don't think your office has ever questioned the number of house calls or the kind of treatment that was given? A. I don't think on the question of treatment. I think we might be disposed to question the number of calls at times. I can conceive that.

We have that with chiropractors. We have a lot of trouble there. We try to keep away from them, but we have—

Q. More so than with doctors, M.D.'s? A. No, I can't say that either, Mr. Jaureguy. I want to repeat that we have found the average medical doctor a very square man, but there are among doctors, as there are among lawyers, those who take advantage of the opportunities that are presented, and we have had unusually bad luck with those men, particularly since this difficulty has arisen with the doctors.

Q. That is a small minority of the doctors? A. Yes, but it is sufficient.

Q. Sufficient to cause trouble? A. It is sufficient to cause trouble, and there are others where we think the frequency of the calls—there are many times that we question that.

Q. You don't recall the troubles like that which you had from 1936 to 1940? A. Well, we have had.

Q. That is, you had many occasions in those four years I have named to write to Dr. So-and-So and say, "I can't understand why you had to have three calls a week

513 when one would have been sufficient"? You had many occasions when you did that? A. Mr. Jaureguy, I couldn't answer that question because I am not handling claims, but I do not believe that kind of correspondence has gone out from our office.

Q. Is that so? A. I don't think so.

Q. You did have, however, between 1936 and 1940, as well as recently, a lot of occasions when you refused to okeh a bill that was sent in by the doctor, and other occasions when you okehed it only in part. That is true, isn't it? A. I don't quite understand what you mean.

Q. A lot of cases between 1936 and 1940 where a doctor would take a ticket and send in his bill and, for some reason

or other, you would refuse to okeh it at all and, in many other cases, where you only approved it in part? A. If the bill was not approved at all, it would be for the reason that the condition was not included under the coverage.

If it was approved in part, that portion which was our responsibility would be approved. It might be very much more, as you said a while ago, than the contract provides. In that case we would pay our portion of it.

Q. Prior to 1940 did you ever give out for general distribution to doctors your fee schedule? A. I don't remember when our first fee schedule came out.

514 Q. Didn't it come out in 1941? A. I don't know.

Q. I am talking about the first time you had a fee schedule which you distributed among the doctors. A. I don't know the date, Mr. Jaureguy.

Q. Your feeling, in being in this Hospital Association business over the years, is that some of the doctors cannot be trusted? A. Yes, I think I can say that.

Q. And so, as a result of that, your office has found it necessary to have close supervision over all the doctors who treat your members? A. We don't attempt to supervise any doctor. I think you misunderstand our contract. We do not try to supervise a doctor.

Q. That policy that you say is now your policy, does that extend back to 1936? A. That has always been our policy.

Q. Was it ever your policy to require doctors, before they performed an operation, to get authorization from your office? A. It never has been?

Q. Never has been? A. Never.

Q. Before they went through any elaborate tests or anything of that kind, to get authorization from your office? A. Before the doctor went through tests?

Q. Before the doctor subjected the patient to tests

515 or complicated treatment, let us say. A. No, I can't understand you there. We assume before the doctor operates he will make the proper tests.

Q. Yes, and you say it is never necessary for a doctor, in order to be assured he would get reimbursement, to get authorization from your office before he operated or made tests? A. No. May I explain that to the Court?

Q. Yes. A. I think Mr. Jaureguy himself is sincere in that question, but he misunderstands. Doctors do not get authority from the National Hospital Association to operate. They communicate with us to determine whether the case is our case so that they can protect their fees. If it is

a National Hospital Association member and the man has been under coverage the required time, we notify the doctor, "This is okeh. Go ahead," but we don't ask the doctor to get authority for the operation. I think if that was your impression you have been misinformed there.

Q. Yes. That has been my impression, Mr. Bechtold. A. You have been misinformed.

Q. Even when you were satisfied that the patient was a member of your hospital association and entitled to service, have you ever had occasion to call the doctor's attention to the fact that he did not get authorization before he had such-and-such an operation performed? A. We
516 might have called the doctor's attention to the fact that we could not pay his bill because it was not our responsibility, and reminded him that if he had communicated with us first we could have protected his account.

Q. Did you ever have occasion to call his attention to it when you recognized it was your responsibility? A. Mr. Jaureguy, I don't just know what you mean there.

Q. I mean a case where you recognized the patient is entitled to all the services which he got but you, nevertheless, called the doctor's attention to the fact that he did not get his authorization from your office before he performed the service. A. And denied the claim?

Q. No. Did not deny the claim. A. We might have done that.

Q. Insisting on his doing it thereafter? A. We might have told him, "Doctor, listen. You did not notify us of this case. The claim is being paid but, in the future, please notify us so there will be no misunderstanding about your account."

I want it made clear the National Hospital Association is not trying to tell the doctors what to do, but there are certain fundamental requirements necessary in order for us to determine our responsibility, and those must be complied with, not only in order to assure the member that he is getting his protection but to protect the doctor and the
517 hospital in their accounts.

I think that should be cleared up because I believe there is some of this misunderstanding that has arisen because of the understanding you have, Mr. Jaureguy.

Q. Yes. I think the understanding I have has caused a lot of antagonism on the part of the doctors. A. I tried to correct it by the meetings that we could have with the medical people.

Q. At the time you had a salaried staff in Portland, it used to be your practice, if a man had a serious condition in Oregon City or St. Helens or Hillsboro, for insance, to have him brought into Portland for treatment by doctors on your salaried staff? Wasn't that right? A. Mr. Jaureguy, I think we covered that in my deposition. I would like Judge McColloch to know this: When this business was first established, it was an entirely new business. We had no precedent. There was nothing for us—no example set before us. The only thing that was similar was the service furnished by doctors known as contract doctors, where the employers would make a contract with some doctor they knew, maybe a relative, maybe a friend, maybe just because he knew he was a good doctor, to provide medical and hospital care for his employees. That preceded, I might say, to some extent the National Hospital Association.

When our company was formed, when I first came
518 with the organization, they followed that procedure of designating certain doctors in certain communities. I have made the statement that we were not entirely without sin. I repeat that. But it was not meant to be a sin. It was merely a lack of experience.

Q. A lack of what? A. Experience. As time went on, there was this evolution, and those things gradually changed. We saw it would not work. It was not fair to the doctors in a community. It was not satisfactory to the members, and it was not pleasing to our own men, like Dr. Slocum and Dr. Sabin; they didn't like it, and Dr. Tharaldsen and Dr. Leonard, men who stand high in the community. They thought it was not the proper thing to do.

From that, however, we evolved into our present plan of letting the member go to any doctor he wished to select.

Q. Prior to the time you evolved into the present plan, if somebody entitled to the benefits of your contract had suffered an injury or become seriously ill in these towns I mentioned, and others, your practice was to have his doctor there send him in to Portland for treatment by your salaried staff? A. No. I might cover that, too. We have got to go back a number of years to the time when there were very few hospital facilities except in the larger centers.

I myself, when I first came into the business, I used to
meet trains. We would get a telegram that such a
519 man was injured in a logging camp or a man was coming with a fever. They had no hospital facilities in those sections. We were notified to send an ambulance—a horse ambulance in those days—and one of us would go

down and take him off the train and send him up to a hospital.

As conditions improved, as highways improved, and towns developed and, as it happened, there were better medical and hospital facilities in a town, where they could take care of those cases, those cases were permitted to remain there.

It was not our request. It was usually that a local doctor —usually at the request of a local doctor, who would send them in. At least that is true where they had to improvise buildings that they called hospitals—and they still have them, not so many.

There were attempts made in some communities to keep serious cases in these small hospitals, which were poorly equipped. We did discourage that and we still discourage it.

We feel if a person is seriously ill or has been seriously injured, he should have the facilities necessary to provide the proper relief for that patient, not only in the material facilities but in the ability of the medical men to perform the services.

Q. Did your experience show that it was more expensive or less expensive to have the local doctor take care of a patient rather than your staff in Portland? A. Well, 520 probably there would be an advantage financially, if a patient came to Portland, I will admit; but I don't think we ever thought of that.

Q. You never thought of it? A. I don't think we did. We were serious in this work and still are. It is not all money, Mr. Janreguy. We think we are doing a very good work in the community by making it possible for people to get the best of service, when they probably could not afford any service without some kind of a contract of this kind.

Q. Now, after you expanded your methods so that the patient had a free choice of physicians, you realized, I suppose, from that date to this there have been a lot of members going to doctors where the doctor never before had occasion to see National Hospital tickets? A. That would be back a long ways.

Q. A long ways? A. Yes.

Q. How far? A. Fifteen or twenty years.

Q. Fifteen or twenty years? A. Yes. I don't know—I am trying to recall. In most communities—in Medford, for instance, surely it goes back twenty years; Astoria, that far or further; St. Helens, twenty or twenty-five years; 521 Oregon City, the same.

Q. You mean you had open panels twenty or

twenty-five years ago in those towns you have designated? A. Yes, there were a few. Medford is one, I think, where we had one or two doctors. I am trying to recall that. We had a little trouble down there.

Q. Dr. Hayes and Dr. Sweeney were the ones? A. No, Dr. Sweeney wasn't. Dr. Hayes was the man. I didn't want to mention Dr. Hayes, but since you mentioned him, that is true. And we finally broke away from Dr. Hayes, not because of dissatisfaction with Dr. Hayes, but because of the condition I mentioned, and I think Dr. Hayes will tell you that he protested at times.

Q. Protested what? A. Protested the fact that we were opening it up to the entire community.

Q. Well, we will find out. A. I replied to that at a meeting we had with the doctors of Jackson County, and he didn't protest it there.

Q. But these towns you have mentioned—did you mention St. Helens? A. Yes.

Q. That is true, that for twenty years they have had the open panel there? A. Well, let's see, Mr. Jaureguy. I think there were two Dr. Rosses there and Dr. Wade there.

522 Q. Dr. Flynn? A. Dr. Flynn; that is right.

Q. Dr. Barton? A. Who?

Q. Barton, or was he there that long? A. Barton came on later. He was our headache.

Q. He was your headache? A. Yes.

Q. But I am asking how long have you had the open panel with all the doctors? A. Twenty or twenty-five years ago.

Q. In St. Helens too? A. Yes. I can't say exactly, Mr. Jaureguy, that is a long way back.

Q. Now, how long have you had accounts throughout the entire State of Oregon? A. Oh, a long while.

Q. A long while? A. Yes.

Q. That includes the counties of Eastern Oregon as well as the counties in the Willamette Valley? A. Well, I don't know that we have business in every county or not. I don't know that.

Q. You don't know whether you do now? A. Well, some of the counties are sparsely settled; not very many industries. We have had business, I guess, in every county,

523 and when there is construction work going on we have had a lot of that, but at this time I don't recall.

Q. The last five years do you think that you have had accounts in substantially every county in the state? A. In most of them.

Q. By that would you say every county that had a city as big as 1500 population? A. I wouldn't know that.

Q. Now, how long have you been permitted by the State of Washington to do business in Washington? A. Ever since I have been in business. Ever since I have been with the company.

Q. Didn't the State of Washington rule that when you went under the old system where you furnished services rather than indemnity you could not do business in Washington?

Mr. Marcus. An objection on the ground of irrelevancy.

The Court: Overruled.

A. No, Mr. Jaureguy, I never heard of such a ruling.

Q. You are admitted to the State of Washington, or I mean have qualified to do business in the State of Washington? A. We are.

Q. When did you become qualified? A. Four years ago.

Q. In '42? A. Four years ago.

524 Q. At that time your contract was like the present indemnity contract, wasn't it? A. I don't remember —I think it was two years ago. I don't remember.

Q. Two years ago? A. I am not sure. It was the legislative session—

Q. The '47 session? A. I think it was '45.

Q. '45? A. I believe so. I am not sure.

Q. When were you admitted to do business in the State of California? A. We are not yet admitted to do business in the State of California.

Q. You have tried to be admitted, haven't you? A. No.

Q. You mean you haven't applied? A. Oh, applied? No.

Q. You have never applied for permission to do business in California? A. No.

Q. Therefore, you don't go down and solicit accounts in California, do you? A. Yes.

Q. You do? A. Yes.

525 Q. How do you get away with it? A. Well, it is a peculiar thing. It is kind of embarassing for us sometimes. But the Insurance Department down there has been very generous.

Q. Very generous? A. Very tolerant. They realize that we are doing pretty good work. At least they have told me that. But there is no law in California of the kind we have in Oregon.

Q. No. They don't have a hospital association law either in Washington or California, do they? A. Yes, they do in Washington.